



# DAILY REPORT

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## PRC INTERNATIONAL AFFAIRS

### GENERAL

Article Assesses U.S.-USSR Disarmament Talks	A 1
[GUOJI WENTI YANJIU 13 Jan]	
Commentary Views Talks	A 6
[RENMIN RIBAO 4 Mar]	
Commentary on French Concern Over Gorbachev Plan	A 8
[RENMIN RIBAO 5 Mar]	

### UNITED STATES

Shultz Winds Up Visit, Departs for Seoul	B 1
Attends Banquet; Gives Toast	B 1
Departs Shanghai for Seoul	B 1
Analysis, Evaluation of Shultz Visit Continues	B 2
HSIN WAN PAO Column [3 Mar]	B 2
Shultz' Impression of China	B 3
[TA KUNG PAO 4 Mar]	
'Mutual Understanding' as Key	B 4
[TA KUNG PAO 6 Mar]	
Wan Li Meets Mobil Oil Corporation President	B 6

### SOVIET UNION

PRC-USSR 1987 Trade Protocol Signed in Moscow	C 1
Beijing Radio Analyzes Gorbachev Proposals	C 1

### NORTHEAST ASIA

PRC Residents in Japan Score Dormitory Ruling	D 1
[RENMIN RIBAO 1 Mar]	
Liu Shuqing Reiterates Dissent	D 1
[Tokyo NHK TV]	
Signed Article Condemns Ruling	D 2
[RENMIN RIBAO 6 Mar]	
Sun Pinghua Meets, Fetes Japanese Socialists	D 3
Delegation Meets Li Xiannian	D 3
[KYODO]	

### SOUTH ASIA

Roundup Notes DRA Bombing of Pakistan Territory	F 1
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## WESTERN EUROPE

Analysis Views West Europe Reaction to USSR Offer	G 1
France To Strengthen Scientific Cooperation	G 2
French Foreign Minister To Visit in May	G 3
Li Xiannian Receives New Austrian Envoy	G 3
Zhao Ziyang Meets New Italian, Irish Envoys	G 3

## MIDDLE EAST &amp; AFRICA

Tanzanian Party Delegation Pays Visit	I 1
Tanzanian President Departs for Visit to PRC	I 1
Li Xiannian Receives New Zimbabwean Envoy	I 1

## PRC NATIONAL AFFAIRS

Zhao Ziyang Views Policy Toward Intellectuals	K 1
New Science Academy Head on Reform Measures	K 2
RENMIN RIBAO Commentator on Party Discipline [5 Mar]	K 3
Commentator Views Leftist, Rightist Trends [GUANGMING RIBAO 23 Feb]	K 4
LIAOWANG Notes 'Peaceful' Situation on Campuses [OVERSEAS EDITION 2 Mar]	K 6
Commentator on Maoist Principles of Literature, Art [GUANGMING RIBAO 25 Feb]	K 8
RENMIN RIBAO Notes Writers' Social Responsibility [3 Mar]	K 10
LIAOWANG Lauds Simpler Administrative Structure [23 Feb]	K 12
Media Calls on People To Emulate Lei Feng Spirit GUANGMING Article Criticizes Fang Lizhi [AFP]	K 13 K 14
TA KUNG PAO Analyzes Actions in Fang Lizhi Case [5-11 Mar]	K 15
Song Jian Praises Science, Technology Cooperation	K 16
Gu Mu Lauds China Travel Service's Improved Work	K 17
Bank of China Decentralizes Management Powers [CHINA DAILY 25 Feb]	K 17
RENMIN RIBAO Urges Expanding Export System [23 Feb]	K 19
Computers Being Used for Import-Export Licenses	K 21
Economy Opens Up to World on '3 Levels' [WEN WEI PO 1 Mar]	K 22
January 1987 Industrial Production Reported [LIAOWANG 16 Feb]	K 23
Leading Economist on Socialist Commodity Economy	K 24
Commentator Discusses Unified Purchase System [NONGMING RIBAO 24 Feb]	K 25
NONGMING RIBAO Views Enlivening Rural Circulation [25 Feb]	K 26
LIAOWANG Comments on Grain Production Situation [OVERSEAS EDITION 2 Mar]	K 28
Commentator Urges Increased Input in Agriculture [NONGMING RIBAO 14 Feb]	K 29
Grassland Added To Develop Animal Husbandry	K 30

## PRC REGIONAL AFFAIRS

## EAST REGION

Anhui University Investigates Students' Ideology	O 1
New Fujian CPC Secretary of Xiamen City Named	O 1
Jiangsu Governor Gu Xuilian Outlines 1987 Work	O 2
Jiangsu Students, Deputies View Legal Education	O 2
Nanjing Military Region Holds Plenary Session	O 3
Wu Guanzheng Presents Jiangxi Economic Work	O 4
Jiangxi Governor Attends People's Congress	O 6
Shandong Meets To Arrange 1987 Economic Work	O 7
[DAZHONG RIBAO 21 Feb]	
Shandong Celebrates Laiwu Campaign Anniversary	O 9
Rui Xingwen Attends Shanghai Security Meeting	O 9
Shanghai Leaders at Party Meeting on 1987 Tasks	O 10
Zhejiang Propaganda Chief on Cardinal Principles	O 11

## CENTRAL-SOUTH REGION

Hainan Meeting Discusses Rural Work Document	P 1
Hunan PLA Institute Reforms Study of Marxism	P 1
Hunan Conference Sets Out Economic Tasks	P 2

## SOUTHWEST REGION

Sichuan Readjusts Grain Procurement Policies	Q 1
Yunnan People's Congress Session Concludes 1 Mar	Q 1
Briefs: Yunnan Satellite Ground Stations	Q 1

## NORTH REGION

Nei Monggol Standing Committee Meeting Ends	R 1
Shanxi Leader Notes Liberalization, Civilization	R 2
Shanxi Meeting Views Political, Economic Tasks	R 4

## NORTHWEST REGION

Ningxia Meeting on Enterprises, Ideological Work	T 1
Xinjiang Governor Reviews 1986 Achievements	T 1

## HONG KONG &amp; MACAO

XINHUA Reports Kissinger Visit to Hong Kong, Macao	W 1
Meets Xu Jiatun	W 1
Supports PRC Policy	W 1



ARTICLE ASSESSES U.S.-USSR DISARMAMENT TALKS

HK050441 Beijing GUOJI WENTU YANJIU in Chinese No 1, 13 Jan 87 pp 17-20

[Article by Shi Jinkun (4258 6930 0981) and Cao Ye (2580 0396): "A New Stage in U.S.-Soviet Disarmament Talks as Viewed From the Iceland Summit"]

[Text] Abstract: The Iceland meeting not only reflected the latest developments and differences in U.S.-Soviet disarmament talks but also further revealed the features and trends in the disarmament talks at the new stage. The Iceland meeting ended on an unhappy note, but the United States and Soviet Union will still maintain the momentum of the disarmament talks. Agreement by both sides on individual problems of less importance seems not far away. No matter what the development of the disarmament talks, the United States and Soviet Union will not give up the strategic attempt to seek hegemony on the basis of strength. The situation of combining talks with a contest will last. [end abstract]

The U.S.-Soviet Iceland meeting with arms control as its main topic of discussion was held from 11 to 12 October 1986. Given that the United States and Soviet Union are obviously getting increasingly close in their disarmament stands and given the time for agreement being still not ripe, no agreement was reached. The sides were divided on the problem of space weapons. This was another major move with the heads of both countries personally involved in a trial of strength since the United States and Soviet Union again started the Geneva talks in March 1985 with the bilateral struggle for disarmament entering a new stage focused on space arms. The meeting not only reflected the latest developments and differences in U.S.-Soviet disarmament talks but also further revealed the features and trends in the disarmament talks at the new stage.

1. Setback and Deadlocks in the Midst of Progress [subhead]

That the Iceland meeting ended on an unhappy note was not unexpected. Chief U.S. delegate to the Geneva talks Kampelman said before the Iceland meeting: "Much work remains to be done" between the United States and Soviet Union. "The Iceland meeting is unlikely to reach any arms control agreement." The Soviet Union took the initiative to suggest that a preparatory summit be held before the convening of an official meeting. Obviously, he had planned on the preparatory summit taking the place of the official meeting scheduled for the end of the year in case of failure to reach an agreement. Thus, Gorbachev could avoid losing face and also keep the road to dialogue between heads of state from being blocked. A retreat seemed to have already been prepared for. The meeting reached a deadlock over space weapons, but both sides, especially the Soviet Union, had made a very big retreat from the original asking price. The area of agreement between the United States and Soviet Union had obviously widened compared with before the meeting. After the meeting, both sides, while taking each other to task, admitted to progress having been achieved at the meeting. Reagan said: The meeting "took a big stride forward in resolving most of the differences." Gorbachev also affirmed that "this is a hopeful meeting." Bessmertnykh, Soviet vice minister of foreign affairs, admitted that the meeting "was not a failure. It represented an important stage in the history of the development of Soviet-U.S. relations." "People can feel a certain sense of satisfaction that we have been so close for the first time in history in our viewpoints on solving the problem of strategic nuclear weapons and medium-range nuclear weapons."

Confrontation over the problem of space weapons is the main cause of agreement not having been reached in a round of U.S.-Soviet talks. But even over this problem, there has also been a relaxation of tension. Concerning the time limit for testing and deployment, the Soviet Union suggested 15 to 20 years last June and the United States called for 7 and 1/2 years last August. Both sides have now settled for 10 years. The area of disagreement has changed from the original call for development or prohibition of outer space weapons to what kind of restrictions to be put on trial production. The Soviet Union insisted that the 1972 ABM treaty be strengthened, with research and manufacture forbidden in outer space. The United States, for its part, stressed that outer space testing should not be prohibited.

Concerning the problem of strategic weapons, the Soviet side gave up the stand about taking into consideration all U.S. nuclear weapons capable of striking at Soviet territory. The United States also no longer insisted on the demand for separate quotas chiefly aimed at weakening Soviet heavy-duty land-based strategic missiles. Both sides agreed to a 50 percent reduction in strategic nuclear weapons as three in one (land-based nuclear weapons, submarine-launched strategic missiles, and bombers) in the coming 5 years, with delivery vehicles slashed to 1,600 and warheads to 6,000. By 1996, both sides were to cut down strategic nuclear weapons (later interpreted by the United States as various kinds of ballistic missiles) to zero. But the Soviet Union still treated restrictions on the U.S. SDI as a prerequisite. In a confrontation, the United States took the development of SDI as a guarantee for a reduction in strategic nuclear weapons.

Regarding the problem of medium-range missiles, the Soviet Union promised not to take account of British and French nuclear forces and to substantially reduce SS-20 missiles in Asia. The United States dropped the "middle program" for preserving some of the medium-range missiles in Europe upon which it had insisted. Both sides agreed to cut their medium-range missiles in Europe to zero. The Soviet Union would maintain in Asia, and the United States in its own territory, 100 medium-range missile warheads and freeze and negotiate a reduction in short-range missiles. But to force concessions from the United States, the Soviet Union changed its original stand that an agreement for medium-range missiles could be reached separately. It again stressed that it must be linked with other negotiations, kicking the ball over to the United States.

As to the prohibition of nuclear tests, Gorbachev said that the Soviet Union would no longer insist on U.S. commitment to a moratorium on nuclear tests. Reagan also declared that he would ask Congress to consider approving the 1974 and 1976 nuclear test limitation treaties. Both sides agreed to hold negotiations on the number of nuclear tests, equivalent weight, and other problems.

The Iceland meeting shows that the United States and Soviet Union are still unable to sidestep a sharp confrontation over the SDI problem. The conditions and the time for reaching agreement are still not ripe. But it also reflects quite some progress made by both sides in negotiations. Having understood both sides of the problem, we are not likely to erroneously make a too pessimistic or too optimistic assessment of U.S.-Soviet disarmament talks. A new deadlock is a setback in progress. This is unlikely to lead to an interruption of dialogue. Just as Gorbachev said, this is "a failure encountered" by both sides "in getting close to an agreement" and "it is still possible to reach an agreement."

2. The Iceland Meeting Further Gives Expression to the Main Features of the U.S.-Soviet Disarmament Negotiations at the Present Stage [subhead]

1. The United States and Soviet Union both want to concentrate forces in a bid for "heights" of technical development and in a comprehensive national resources contest. The need to reduce existing nuclear arsenals has become more urgent than before.

There is, at present, not much room left for technological improvement in U.S.-Soviet nuclear weapons. Before the end of the century, it will be difficult to tilt, for that matter, the general balance in military strength between the United States and Soviet Union. Therefore, both sides have directed attention to a contest in the new technological area, with a spending of up to U.S. \$1 trillion represented by SDI; the two are prepared to assert their roles in the early part of the next century. In addition, given the smaller possibility of a major war and the relative stability of the general situation, the United States and Soviet Union will concentrate on competition in the field of national resources. Since the 27th Congress of the CPSU called for "stepping up strategic development," the Soviet Union's attempt to free itself to concentrate on economic development has become more obvious. The U.S. Administration's huge budget and trade deficit also put great pressure on its armament policy. It has become necessary for both sides to formulate new contest rules, to reduce some hackneyed nuclear weapons to ensure economic development, and to apply financial and material resources where they are most needed.

2. The number of nuclear weapons has greatly exceeded strategic needs. A balanced reduction has become possible.

The United States and Soviet Union have, in their huge arsenals, a combined total of 50,000 nuclear missile warheads with a total equivalent weight of more than 10 billion tons, which, theoretically speaking, can annihilate mankind several tens of times over. In a large-scale nuclear conflict, neither the United States nor the Soviet Union could guarantee its own survival. Therefore, the possibility of an actual war involving nuclear weapons is at present relatively slim. The Reagan administration has stressed many times that the possibility of a large-scale nuclear war facing the United States is not great. Gorbachev has also affirmed that in the nuclear era, an overall war can no longer be described as an extension of politics. In terms of military strategy, both the United States and Soviet Union before the 21st century basically have no effective strategic defense means. An appropriate nuclear offensive and counter attack capacity could guarantee the sufficient effect of a deterrent. Excess capacity for destruction is not necessary and is also an extra military burden. Therefore, in the latter part of the 1960's, there was basically no change in the number of U.S. nuclear weapons. In recent years, the quantity of Soviet nuclear equipment has also stopped increasing. Meanwhile, both sides have been keen on improving quality and eliminating some outdated nuclear weapons. The establishment of future new strategic defense systems can possibly raise the hopes for the survival of nuclear defense capabilities and nuclear forces with which both the United States and the Soviet Union are well equipped. Under these circumstances, the time for a balanced reduction in a given number of offensive nuclear weapons has become ripe for both the United States and Soviet Union. This is one of the reasons the United States and Soviet Union have expressed agreement to substantially reduce strategic nuclear weapons and medium-range missiles.

3. The restraining effect of allies and other forces of peace on U.S.-Soviet negotiations that exists objectively has become increasingly obvious.



The U.S. and Soviet disarmament policies are chiefly subordinate to their bid for superiority. But given the continuous development of the world political situation in the direction of multipolarization and the strong desire for peace on the part of world opinion, including the people of both the United States and Soviet Union, with its keen demand for a U.S.-Soviet disarmament agreement, to win more support and improve their own strategic position, the United States and Soviet Union are compelled to give more consideration to the demands and pressures of allies and other forces of peace. The further affirmation by both sides at the Iceland meeting of the principle about a 50 percent reduction in strategic nuclear weapons, has, to a certain degree, catered to the demand of medium-sized and small countries for U.S. and Soviet leadership in first reducing nuclear weapons on a large scale. On the matter of medium-range missiles, the U.S. program demanding the preservation of some of the medium-range missiles in Europe has also taken into consideration the worries of West European countries about the absence of a strategic linkup between the United States and Europe. The U.S. demand for Soviet reduction of medium-range missiles in Asia takes into account Japan and other Asian countries' concern over the safe situation in the Asia-Pacific region. On the other hand, the Soviet Union has resorted to both hard and soft tactics. It has given up taking British and French nuclear forces into consideration and has agreed to reduce medium-range missiles in Asia. It has also recently again stressed the ties between a medium-range missile agreement and space weapons negotiations. There is also an attempt to win the sympathy of Western Europe and Japan and drive a wedge between the United States and Europe.

4. Confrontation over crucial areas is still the main aspect of U.S.-Soviet disarmament talks.

Generally speaking, the United States is relatively strong in its economic and technical position. It wants to take advantage of the Soviet plight and win military superiority in an arms race, while pinning down the Soviet Union economically. Therefore, it takes a relatively strong attitude in negotiations. Beset with more difficulties, the Soviet Union especially hopes to hold up through disarmament talks U.S. arms expansion, especially the U.S. SDI, and maintain the current military balance. It has therefore made more concessions. But the United States and the Soviet Union will not give up the strategic attempt to seek hegemony based on strength. They have taken restrictions imposed on the other and self-development as the fundamental aim of negotiations. Concessions by both sides will be limited. In addition, the influence of allies and domestic politics in the Soviet Union and United States will also add to the complexity of negotiations. The progress of negotiations has accelerated. But as far as such a crucial problem as space weapons negotiation and the talks as a whole are concerned, there are still difficulties ahead and a long process is involved.

3. It Seems Not Far Away for the United States and the Soviet Union To First Reach Agreement on Individual Problems of Less Importance [subhead]

The Iceland meeting deadlock has cast a shadow over the relations between the two countries. There will be continuous ups and downs, twists and turns, in future disarmament talks. The recent U.S. exposure of secret U.S. arms sales to Iran has put the Reagan administration in a plight, as it is kept busy coping with things. Its ability to decide on matters of arms control will inevitably be affected. But as far as mutual hopes for maintenance of dialogue and for formulation of a new set of arms race rules and their overall attempt to win over international opinion are concerned, the United States and Soviet Union will always want to find a new way out. [paragraph continues]

Just as a Chinese saying goes, "where the mountains and the rivers end, a new path suddenly starts, or in the midst of dense willow trees and bright flowers, a new village bursts on the scene." The U.S.-Soviet Geneva disarmament talks were adjourned last November. But early last December the representatives of both sides again held an unofficial meeting. Their state of mind in their hope for progress could be seen. Generally speaking, the less the area influenced by the U.S.-Soviet competition for technological superiority, the greater the possibility of concluding transactions.

If there is a breakthrough in space weapons negotiations, this will of course have a decisive stimulating effect on the whole situation, with things falling into place. But such a possibility is extremely slim. SDI is an important factor in the U.S. bid for superiority over the Soviet Union and also a trump card in forcing concessions from the Soviet Union in negotiations. The Reagan administration will never make any substantive concession. As far as the Soviet Union is concerned, no agreement is better than an agreement incapable of restricting the United States, and the maintenance of continued pressure on the United States is more favorable. There has been quite little room for bargaining between both sides. A substantive agreement on space weapons reached in the not distant future seems almost impossible. But given something done for the sake of appearances by the United States and Soviet Union in the sense of limiting tests, the possibility of both sides concluding limited transactions exists.

Given tough going for space arms negotiations, the possibility of both sides seeking partial compromises in less important areas, such as medium-range missiles, nuclear tests, a partial reduction of strategic nuclear weapons, and so forth, while continuing marathon-like overall talks, is the greatest. On medium-range missile talks in themselves, both sides have actually had no great difference of opinion. At the end of the 1970's, the Soviet Union originally wanted to offset British and French nuclear forces with SS-20 missiles and sour the relations between the United States and Europe. But contrary to its expectations, the medium-range missiles deployed by the United States and Soviet Union in the early 1980's have actually produced results unfavorable to the Soviet Union. Militarily, the medium-range missiles deployed by the United States have constituted a serious threat to the Soviet Union, while the Soviet Union's medium-range missiles pose no threat to the United States. Politically, U.S.-European strategic relations in their common fight against the Soviet Union have also been strengthened because of the deployment of medium-range missiles. Elimination of U.S. and Soviet medium-range missiles in Europe can end the threat of U.S. medium-range missiles and also provide new opportunities for restoring relaxed relations between the Soviet Union and Europe. For the Soviet Union, the advantages outweigh the disadvantages. It is estimated that the Soviet Union will not stick to its stand too long on linking a medium-range missile agreement with talks on other matters. West European countries are worried about the absence of a strategic linkup between the United States and Europe, the superiority of Soviet conventional forces, and the threat of short-range missiles, and hope for the U.S. preservation of some of the missiles. But because medium-range missiles are not a problem concerning the interests of the United States itself, and the U.S. strategic nuclear forces stationed in Europe and British and French nuclear forces can still allow a nuclear forces balance in Europe, the United States is unlikely to make too much of a retreat from the existing program just because of some West European countries' opposition. After the Iceland meeting, the heads of the FRG and Britain successively visited the United States. In meeting with President Reagan, both sides reached an understanding. The United States said that it would respect West Europe's interests and would, in medium-range negotiations, ask the Soviet Union to resolve the problem of an existing imbalance between ballistic missiles within a range of 1,000 km in Europe and conventional units. [paragraph continues]

The FRC and Britain said that they agreed to the U.S. program for total withdrawal of medium-range missiles in Europe. The United States and Europe have got increasingly close in their stands. Given no unforeseen circumstances, an agreement is expected to be first reached in medium-range missile talks. Nuclear tests still represent an indispensable means in developing new weapons. There is no real possibility of an overall prohibition of nuclear tests by the United States and Soviet Union. But U.S. and Soviet nuclear test technologies, such as reduction of equivalent weights and so forth, have been quite advanced. A further restriction on nuclear tests will have no great effect on them. Therefore, there is still the possibility of both sides reaching agreement on further restrictions on equivalent weights, the number of tests, the locations, time intervals, and so forth.

The situation is relatively complicated as far as strategic nuclear weapons talks are concerned. The United States and Soviet Union still take nuclear weapons as a symbol of a power's status and an important part of national defence forces. In addition, the strategic defense system technology will be still premature in the next century. The most that can be done is to establish a small number of scattered defense points. There will be basically no change in the United States and Soviet Union relying on offensive nuclear weapons to maintain their deterrent forces. The proposal for so-called complete destruction of strategic nuclear weapons or all ballistic missiles in 10 years is sheer propaganda that cannot be realized. At present, reducing strategic nuclear weapons is an important pawn with which to force U.S. concessions in space weapons negotiations. The Soviet Union would not freely give it up. In negotiations, the United States still wants to seek restrictions on Soviet ground-based missiles, and the Soviet Union will count on placing restrictions upon U.S. bombers and sea-launched missiles. The solution of these thorny problems is no easy matter. It was reported that last November, the United States again proposed quotas for separate items demanding that the quota for ground-based ballistic missiles be allowed to stand at 3,300 and that for SS-18 and SS-24 heavy-duty missile warheads at 1,650. This was actually a retreat from its stand at the Iceland meeting about an agreed 50 percent reduction in various types of strategic nuclear weapons and a reversion to the original stand aimed at chiefly weakening Soviet heavy-duty ground-based strategic missiles. On 25 November, the United States again decided to exceed the ceiling set by the SALT-II Treaty, deploying the 131st B-52 bomber loaded with long-range cruise missiles. It is estimated that in strategic weapons reduction negotiations, the United States and Soviet Union cannot possibly conclude a treaty in the coming few years. But the possibility of reaching an agreement in principle to gradually achieve a 50 percent reduction entirely exists.

Summing up the above, we can see that the future possibility of both sides reaching agreement on medium-range missiles and nuclear tests exists. Agreement on letters of intent to reduce strategic nuclear weapons is also not impossible. On this basis, an official summit of the United States and Soviet Union is likely to be held. Regardless of the development of disarmament talks, there is no reversing the trend toward a new round of arms contests focusing on space weapons. The situation of the United States and Soviet Union combining talks with a contest will last.

#### Commentary Views Talks

HK050823 Beijing REF/MIN RIBAO in Chinese 4 Mar 87 p 6

[Commentary by staff reporter Zhang Yunwen (1728 0336 2429): "A New Situation in the U.S.-Soviet Arms Control Talks"]

[Text] Washington, 2 Mar — Soviet leader Gorbachev suggested on 28 February that the Soviet Union and the United States sign an agreement on eliminating the medium-range missiles in Europe.



This suggestion surprised many U.S. Government officials. In the opinion of the public, this indicated that the Soviet Union wanted to make progress in the arms control talks. The Soviet suggestion on signing an agreement concerning the medium-range missiles in Europe basically took shape as early as last October when U.S. and Soviet leaders were holding a meeting in Iceland. The agreement provides the following: Both sides should eliminate their medium-range missiles deployed in Europe, in the meantime the Soviet Union is allowed to retain 100 SS-20 missile heads in the Asian region of the country and the United States is permitted to retain the same number of medium-range missiles on its own soil; and both sides will limit the number of their short-range missiles. However, due to differences of opinion on the issue of strategic defense arms, both sides could not conclude any agreement on the above question.

On the question of medium-range missiles, the Soviet stand changed on several occasions. Some people are of the opinion that the Soviet Union's new suggestion will give an impetus to the deadlocked talks.

The Soviet suggestion aroused active repercussions in the United States and Western Europe. Observers pointed out that neither government officials nor members of Congress regarded the Soviet suggestion as an act of propaganda.

The White House expressed hope for the prompt conclusion of a certain agreement. Adelman, director of the Arms Control and Disarmament Agency, remarked that the Soviet suggestion indicated that the Soviet Union had not abandoned its hope of concluding an agreement with the United States during the last 2 years of Reagan's presidency. Assistant Secretary of Defense Perle, who has been considered a hard-liner to the Soviet Union, also said that the Soviet suggestion was a "constructive step." NATO Secretary General Carrington pointed out that the Soviet move was a "major step forward." Arms control experts hope that an agreement can be concluded on the issue of medium-range missiles and that this can be a turning point in the U.S.-Soviet arms control talks.

However, the program on eliminating all medium-range missiles in Western Europe has posed another problem for the arms control talks. For the U.S., the Soviet suggestion was put forward at a crucial moment when the Presidential Committee had just announced the investigation report on the "Irangate" incident and when the White House was concentrating its efforts on restoring the President's reputation. Analysts pointed out that the Soviet move is aimed at obtaining more concessions from the already-weakened position of the U.S. President. For a time, the Soviet Union tried to force the United States to make a concession on the issue of strategic defense weapons, but to no avail. Therefore, it considered making progress on the issue of medium-range missiles, by urging the U.S. Congress to restrict the U.S. Government's strategic defense program. Once a relaxed situation emerges in the arms control talks, the Reagan Administration's demand for allocating funds for the Star Wars program will encounter a big obstacle. The United States has tried to persuade leaders of Western Europe into accepting the "Star Wars" program and has tried to reexplain the treaty on anti-missile missiles. This will surely meet with a strong objection.

Even though both sides once reached unanimity of opinion on concluding an agreement concerning medium-range missiles, this would still be far from "reaching an agreement." The problem of examining missile launching sites to be dismantled and destroyed, for example, is a very complex issue. [paragraph continues]

The United States demands that factories and sites of both sides that produce and store medium-range missiles be thoroughly checked and supervised and that 100 medium-range missile heads be deployed in the part of Alaska that is near the Soviet border. It is difficult to predict whether these demands will be accepted by the opposite side. On the problem of limiting the number of short-range missiles, both sides are sure to engage in very heated bargaining. In addition, Western Europe looks upon the U.S. medium-range missiles deployed there not just as a force resisting the Soviet SS-20 missiles, but also as a deterrent force and a commitment to the security of Western European allies, leaving Western Europe in doubt about the "zero option" scheme. The contradictory mental status of Western Europe will certainly affect the progress of the talks. Whether the new Soviet suggestion will bring about a turn for the better in the arms control talks between the two superpowers remains to be seen.

COMMENTARY ON FRENCH CONCERN OVER GORBACHEV PLAN

HK050911 Beijing RENMIN RIBAO in Chinese 5 Mar 87 p 6

[Commentary by correspondent Ma Weimin (7456 3634 3046): "The Soviet Proposal and French Worries"]

[Text] Paris, 3 Mar -- The majority of countries in Western Europe have given a positive evaluation, in varying degrees, of Soviet leader Gorbachev's new proposal on signing a treaty on the single issue of eliminating medium-range missiles in Europe. In contrast, France's reserved attitude stands out all the more.

The French Foreign Ministry communique of 1 March actually put forward three conditions regarding the Soviet proposal: It is simultaneously necessary to reach an overall understanding on eliminating medium-range missiles in Europe and Asia; it is necessary to carry out verification both in implementing the agreement and afterwards; and it is necessary to agree to limit short-range missiles, and to prevent the agreement on medium-range missiles from being broken. The communique also explicitly stated that France would not agree to the "denuclearization of Western Europe" while there is an imbalance between the two blocs in conventional and chemical weapons in Europe. Foreign Minister Raimond pointed out yesterday that France is in favor of nuclear disarmament, but the strategic military balance in Europe must not be lost on that account. This would cause a crisis and place Europe in a predicament. Defense minister Girot said that he was "extremely uneasy" about Soviet-U.S. talks following the Soviet proposal.

The press here has explained the French attitude in three ways: At present, and in the mid-term, there is no way that Western Europe can reach a military balance with the Soviet Union without the United States, and if the United States withdraws its medium-range missiles, the military power balance will be greatly in favor of the Soviet Union, and France is worried that U.S. and European defenses will be "decoupled," although since the beginning of last year, the Soviet Union has no longer insisted on including French and British nuclear forces within the scope of the Soviet-U.S. talks, and did not even mention the modernization of French and British nuclear forces during the Iceland meeting, the progress of the "denuclearization of Western Europe," starting with the zero option, is bound to involve those nuclear forces; and, as France is the only Western European country on the continent to possess nuclear weapons, it is worried that the prospect of denuclearization will damage its political status. [paragraph continues]

Foreign Minister Raimond explicitly stated that what France is worried about is that people are starting by resolving the question of medium-range missiles in Europe instead of first resolving the fundamental question of the vast Soviet-U.S. strategic nuclear arsenals, even though this is a good thing, viewed from a limited perspective. The implications are that France feels it does not understand the true intentions of the Soviet Union and the United States.

On the Soviet side, there have been a number of changes on the question of the inter-linking of the three types of nuclear disarmament. As a result of these changes, France dare not lightly trust Soviet sincerity, and always tends to first ascertain Soviet political intentions. According to media analysts, there is currently an argument going on in the United States regarding the interpretation of the Anti-Ballistic Missile Treaty, and if this develops and leads to formal testing and deployment of space weapons by the United States, this will seriously damage prospects for Soviet-U.S. nuclear disarmament talks. In view of the fact that the U.S. Star Wars scheme has now entered the decisionmaking stage, some people believe that the Soviet Union intends to constrain the United States by making a breakthrough in the talks on medium-range missiles, and thereby influence Western Europe.

On the other hand, the United States has been constantly equivocal on the medium-range missile issue since the Iceland meeting, and this has deepened French worries. French public opinion points out that since the U.S. administrative authorities have been badly battered by the "Irangate" incident, will they accept the gift from the Soviet Union and reach agreement for the sake of demonstrating their capabilities and repairing their image? Therefore, France feels that it is all the more imperative to emphasize its own stand, in the hope that this will have some impact on the United States and its Western European allies.

The analysis of various Western European countries regarding certain new Soviet moves that have surprised international opinion has been far from unanimous. On this occasion, regarding the proposal, the reactions of the two important Western European countries of France and West Germany were very different, with one being very reserved, and the other extremely interested. On the other hand, the countries of Western Europe have similar apprehensions since the Iceland meeting, being worried that the Soviet Union and the United States will reach an agreement that will harm European security. This common predicament is spurring the countries of Western Europe to strengthen political and strategic coordination.

According to reports, the French and West German foreign ministers or senior officials will meet in the near future. The French defense minister will meet the West German and British defense chiefs next week. It is evident that the special relationship between France and West Germany may develop into frequent coordination between France, Britain, and West Germany. This is a new phenomenon of great significance that has emerged in Western Europe since the Icelandic meeting. The new Soviet proposal on medium-range missiles may bring about a busy springtime on the Western European diplomatic scene.



SHULTZ WINDS UP VISIT, DEPARTS FOR SEOUL

## Attends Banquet; Gives Toast

OW060345 Beijing Domestic Service in Mandarin 2230 GMT 5 Mar 87

[Text] U.S. Secretary of State Shultz said yesterday evening at a banquet given in his honor by the Shanghai municipal people's government: The Shanghai Communique, the communique establishing diplomatic relations, and the 17 August joint communique remain part of the foundation on which we have together developed broad and mutually advantageous ties between the people of the two countries. The United States will continue to adhere to the principles contained in these three fundamental policy statements on Sino-U.S. relations. Shultz said: The relations between our countries over the past 15 years have been based on the Shanghai Communique and two other joint communiqués. In the three communiqués, the United States made clear that its policy is based on the principle that there is but one China. We have no intention of pursuing a policy of two Chinas or one China, one Taiwan. He said: In the Shanghai Communique, the United States reaffirmed its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. We understand and appreciate that striving for a peaceful resolution of the Taiwan question is a fundamental policy of the Chinese Government.

He said: These principles of one China and a peaceful resolution of the Taiwan question remain at the core of U.S. policy toward China. While our policy has been constant, the situation itself has not remained and cannot remain static. We support a continuing, evolutionary process toward peaceful resolution of the Taiwan question. However, the pace will be determined by the Chinese on either side of the Taiwan Strait, free of outside pressure.

He said: For our part, we welcome developments, including indirect trade and increasing people-to-people interchange, which have contributed to a relaxation of tension in the Taiwan Strait. Our steadfast policy seeks to foster an environment within which such developments can continue to take place. Shultz expressed his belief that under the bold and farsighted leadership of Chairman Deng Xiaoping, Premier Zhao Ziyang, and other high-ranking officials, China will be able to find its own unique ways to solve various difficult problems in the modernization drive. At the start of the banquet, Mayor Jiang Zemin proposed a toast. He said: The Sino-U.S. Shanghai Communique, issued 15 years ago, is a document of historical significance marking the beginning of the normalization of Sino-U.S. relations. The American guests visited the aircraft manufacturing plant of the Shanghai Aeronautics Industry Corporation in the afternoon.

## Departs Shanghai for Seoul

OW060319 Beijing XINHUA Domestic Service in Chinese 0247 GMT 6 Mar 87

[Text] Shanghai, 6 Mar (XINHUA) -- U.S. Secretary of State George Shultz left Shanghai by special plane today for Seoul after concluding his official visit to China.

Zhu Qizhen, vice minister of foreign affairs, and Liu Zhenyuan, vice mayor of Shanghai municipality, saw him off at the airport.

ANALYSIS, EVALUATION OF SHULTZ VISIT CONTINUES

HSIN WAN PAO Column

HK031412 Hong Kong HSIN WAN PAO in Chinese 3 Mar 87 p 1

["News Talk" column: "Why Shultz and Shevardnadze Come to Asia at the Same Time"]

[Text] This morning, Deng Xiaoping met with U.S. Secretary of State Shultz. This is Shultz's third visit to Beijing. The meeting with Deng was his last meeting with top Chinese leaders in the current visit to China. Then, he will leave Beijing to visit Dalian. This evening, he will return to Beijing to hold a press conference.

During his current 3-day visit to Beijing, apart from holding an official meeting with Chinese Foreign Minister Wu Xueqian, Shultz also met with President Li Xiannian and Premier Zhao Ziyang separately yesterday morning. According to a XINHUA report, Zhao Ziyang talked with Shultz on bilateral relations and briefed him on China's current political situation.

Yesterday afternoon, Shultz also met Li Peng and Zhang Aiping. Li Peng talked with him on economic and trade cooperation; and Zhang Aiping talked with him about exchanges between the two countries' military departments. This morning's meeting with Deng may be regarded as a summing-up of this visit.

According to the state of the talks and Shultz' return banquet last night, the Sino-U.S. talks this time can be summed up into the following three points.

First, both sides briefed each other on their domestic political situations. Since the beginning of this year, personnel changes have occurred in both countries' leading groups. So it is necessary to reiterate each other's policy after the personnel changes. Deng Xiaoping mentioned this point as soon as he began his talk with Shultz.

Second, both sides also discussed their bilateral relations, and this certainly involved their differences on the issues of the "two China's and U.S.-Taiwan relations. According to the XINHUA report, the Chinese side held that the principle specified by the three Sino-U.S. communiques must be actually put into practice. Li Xiannian directly indicated that "the Taiwan issue has not been completely solved, and we hope that the United States will make some contributions to the settlement of this issue."

Third, both sides also discussed some international issues of common interest. According to the XINHUA report, the two sides spent the most time on these issues and talked in a most concrete and detailed way.

At the banquet, Shultz pointed out: Both sides are concerned with the main sources of tensions in Asia and agree that the withdrawal of Soviet troops from Afghanistan and the withdrawal of Vietnamese troops from Cambodia form the basic condition for the stability and progress in these countries and for better ensuring regional security.

Wu Xueqian also placed the discussion on the international issues of common interest ahead of bilateral relations. [paragraph continues]

He said that he and Shultz had extensive and deepgoing discussions with each clearly expressing his side's position on major current international issues. Although there were differences, both sides shared similar or identical viewpoints on many issues.

The content of Deng Xiaoping's talks with Shultz has not been made public yet, but according to the message passed from Beijing, the Sino-U.S. talks this time were mainly focused on the world situation. This was closely related to the changes in U.S.-Soviet relations and in Sino-Soviet relations.

According to reports in the past few days, Soviet leader Gorbachev put forth a proposal to the United States for not linking the dismantling of Europe-based American and Soviet intermediate-range missiles with Washington's Star Wars program. The Soviet Union even published an advertisement for this proposal in more than 100 American newspapers. This action will certainly have a great impact on Europe and will prompt Europe to exert pressure on the United States.

Meanwhile, the foreign ministers of both the United States and the Soviet Union are now visiting the Asia-Pacific region simultaneously. This is a phenomenon that has not been seen since the end of World War II. This shows that both countries are paying closer attention to the Asian situation.

In his visit to Thailand, Soviet Foreign Minister Shevardnadze mentioned the Cambodian issue; then, he went to visit Australia. His itinerary shows that the Soviet Union is trying to involve itself more deeply in the Pacific region and to win over Australia and Indonesia to support its plan for settling the Cambodian issue.

It is reported that the Khmer Rouge radio welcomed the Soviet foreign minister's visit to Asia. People will wait and see what Shevardnadze will say in Phnom Penh and Hanoi on his return trip.

#### Shultz' Impression of China

HK040413 Hong Kong TA KUNG PAO in Chinese 4 Mar 87 pp 1, 2

["Special Dispatch from Beijing" by reporter Chang Shao-wei (1728 1421 1218): "Shultz Gives a Press Conference on His Impression of Visit to China"]

[Text] 3 Mar, Beijing (TA KUNG PAO) -- U.S. Secretary of State George Shultz said today that the information he has got through the talks with the top Chinese leaders is: China's policy of opening up to the outside world will not change.

Shultz said this at a press conference this afternoon. He said that in the last 2 days he held comprehensive talks with Premier Zhao Ziyang, Chairman Deng Xiaoping, Chairman Li Xiannian, Vice Premier Li Peng, Foreign Minister Wu Xueqian, Defense Minister Zhang Aiping, and others, discussing regional and global issues as well as the domestic questions of China and the United States. The two parties made a review of the progress in the aspect of arms control and confirmed their identical views on some issues.

Shultz said that regarding the domestic situation in China, the information he got can be summarized into seven points: First, the question of how to realize modernization in China was raised as early as the era of Sun Yat-sen. This question sought to absorb the experiences of foreign countries while finding China's Own road.



Second, China has irreversibly embarked onto a road of modernization. Third, modernization means to open up to the outside world. The countries not opening up to the outside world would feel uncomfortable and the countries opening up to the outside world would feel very comfortable and would be the most successful. I have heard on many occasions that China has two types of openness: Opening up to the outside world and opening up to the other parts of the country, or the reform. Fourth, regarding the question whether modernization is equal to overall Westernization, I have gotten a clear-cut negative answer. This is an essential and special point: China will imitate neither the Soviet Union nor the other Western countries. What I learned is that overall Westernization is not an answer to China. China will make use of other's good ideas, or take the China-type socialist road. Fifth, the present development should not be regarded as going back to the previous suppression and restriction. The current contradictions in China were probably formed several generations ago. The present developments do not mean that China will change the development tendency of the last few years. Sixth, China has sufficient reasons not to change the current policy. As this policy has been enforced for several years and the people's livelihood has been greatly improved, China will not stop right here. Seventh, progress lies in opening up to the outside world. China will continue opening up according to the Chinese patterns and further the modernization drive for its own future.

Regarding bilateral issues, Shultz said that great developments have been made in the economic and trade relationship between China and the United States over the last few years. The United States has approved a large number of technology transfer permits and sold \$3.5 billion worth of commodities to China, thus making the bilateral trade increase from \$5.5 billion to \$8 billion. So far, the U.S. investment in China has amounted to \$1.5 billion, second only to that of Hong Kong and Macao. As the development prospects have become very clear, we only need to continue to work hard. As for the issue of Taiwan, there have been already three communiques. The two sides have assured each other to continue to strictly enforce the principles of the communiques.

Answering questions raised by reporters on the arms control talks between the United States and Soviet Union and the new proposal of the Soviet Union, Shultz said: I think that it is a positive development to separately list the talks on the issue of the medium-range missiles in an effort to reach an accord. This is what we have always advocated. We are very glad to see the statement by General Secretary Gorbachev. In the talks, there have been many outstanding issues. As the basis for pushing forward the talks has become better, I believe that both parties will work harder to resolve this issue. I have reached an agreement with Foreign Minister Shevardnadze that when there are some worthy things to do, we shall make arrangements to do them. We shall further observe the progress of this issue while doing our best to promote the work.

**'Mutual Understanding' as Key**

HK060302 Hong Kong TA KUNG PAO in Chinese 6 Mar 87 p 2

["Political Talk" by Shih Chun-yu (2457 0689 3768): "Shultz's Visit to China Has Promoted Understanding"]

[Text] The 15th Anniversary of the Shanghai Communique [subhead]

U.S. Secretary of State Shultz yesterday arrived in Shanghai, the last leg of his 6-day China trip. [paragraph continues]

Then, he will leave for Seoul and Tokyo to meet South Korean and Japanese leaders. During his visit to China, both sides held important talks and increased mutual understanding.

Shultz' current visit to China coincided with the 15th anniversary of the signing of the Shanghai Communiqué — the first joint communiqué by China and the United States. This time, both sides reviewed the development of Sino-U.S. relations in the past 15 years, which fully proved the historical foresight of the document signed by Nixon and Zhou Enlai. The document now still plays a role.

In the past 15 years, in light of the Shanghai Communiqué, the joint communiqué on establishing diplomatic relations signed in January 1979, and the joint communiqué signed on 17 August 1982, China and the United States have developed their bilateral relations. Although there were also twists and turns, the achievements are remarkable. Today, Sino-U.S. relations play a great role in stabilizing the Asian situation and promoting world peace, and this has been realized by more and more people.

#### The Emergence of the Situation of the "Modern Three Big Powers" [subhead]

However, 15 years ago, when Nixon and Kissinger decided to visit China and terminate the hostile relationship between the two countries since the founding of the New China, they indeed needed to make a firm determination; similarly, Mao Zedong and Zhou Enlai also needed the greatest courage and determination to decide to turn the United States from an enemy into a friend from the world strategy viewpoint. Since China and the United States established diplomatic relations, a situation of "three modern big powers" has emerged in the world, and China's international position has become more important and China has been playing an important role in the Third World and in promoting regional peace. This is a fact known to all people.

As an obvious example, without China's containment, Vietnam would be more unscrupulous and flagrant in advancing its expansionist policy in Southeast Asia.

#### Greater Impact on the World Situation in the Future [subhead]

The experience in the past 15 years shows that the three Sino-U.S. joint communiqués influenced the development of the world situation. So, if both sides continue to observe the principles of the three documents, it is certain that they will make greater contributions to peace in Asia and the world.

Social systems in China and in the United States are different, so it is natural that they have differences on some issues. With the spirit of seeking common ground while reserving differences, the two countries have steadily advanced and improved their relations in the past 15 years. Apart from the difference on the Taiwan issue, the two countries shared common views on many major international issues, and the difference on the Taiwan issue have not affected the two sides' cooperation.

What China is most concerned about is the fact that some people in the United States are trying to create "two Chinas" or "one China, one Taiwan." Many differences between the two sides were caused by this. However, the three joint communiqués include some clear principled stipulations on this matter. So long as both sides observe these communiqués, Sino-U.S. relations will be able to advance continuously.

**Increase Mutual Understanding and Promote Cooperation [subhead]**

The present world situation is in flux. The Iran-deal incident in the United States, the policy of Washington after the Democratic Party controlled Congress, the resignation of Hu Yaobang from the post of CPC Central Committee general secretary, and China's struggle against bourgeois liberalization may all cause some worries to the other side. Before going to China, Shultz said that he would ask the Chinese leaders to clarify something in China. Now, he has achieved this purpose, and has reached a conclusion that China will not change its opening-up policy and its modernization objective.

Since Gorbachev came to power, the Soviet situation has also changed greatly, and reforms in Eastern Europe have also been advancing. The frequent exchange of opinions between Chinese and American leaders on major international issues will greatly help deepen mutual understanding and further strengthen both sides' cooperation.

**WAN LI MEETS MOBIL OIL CORPORATION PRESIDENT**

OWO41200 Beijing XINHUA in English 1147 GMT 4 Mar 87

[Text] Beijing, March 4 (XINHUA) -- Chinese Vice-Premier Wan Li met here today Richard F. Tucker, president of the Mobil Oil Corporation of the United States, and his party.

Wan Li told Tucker that China has made much progress in its oil industry since the founding of the People's Republic. Geological surveys show that most Chinese provinces may have petroleum and gas reserves. In oil exploration, China should learn advanced foreign technologies and hopes to cooperate with oil companies of the U.S. and other countries.

Tucker replied that researchers at his corporation think that there are high perspectives for China's land and offshore oil exploration. His corporation is looking forward to further cooperation with China.

Speaking to the press here Monday, Tucker said that his corporation is very optimistic about investment in China.

In recent years, he said, trade and technical cooperation between his corporation and China have grown continuously. The value of crude oil and petroleum products Mobil bought from China totaled 73 million U.S. dollars last year. Mobil has also transferred technologies to China's oil refining industry and held several seminars on oil exploration and processing technologies in China.

He disclosed that Mobil will open a representative office in Beijing and plans to cooperate with the China National Oil Development Corporation and the China National Offshore Oil Corporation to look for opportunities in oil exploration.



PRC-USSR 1987 TRADE PROTOCOL SIGNED IN MOSCOW

OW021618 Beijing XINHUA in English 1605 GMT 2 Mar 87

[Text] Moscow, February 2 (XINHUA) -- China and the Soviet Union concluded a trade protocol for 1987 here today.

Under the protocol, China will export soybean, maize, frozen pork, tea, cotton cloth, knitwear, handicrafts and other light industrial products in exchange for Soviet machinery, trucks, cars, planes, ferrous and non-ferrous metals, timber and chemical products.

The protocol was signed by Wang Pinqing, head of the Chinese Government trade delegation and vice minister of foreign economic relations and trade, and his Soviet counterpart Yevgeniy Bavrinn.

Before the signing ceremony, Soviet Foreign Trade Minister Boris Aristov met with the Chinese delegation.

The Chinese delegations, which arrived here February 22 for a ten-day visit, had also visited Leningrad and Odessa.

BEIJING RADIO ANALYZES GORBACHEV PROPOSALS

OW060606 Beijing in Russian to the USSR 1300 GMT 5 Mar 87

[News analysis: "New Gorbachev Proposals"]

[Text] On 28 February, the third day after the resumption of nuclear tests by the Soviet Union following an 18-month moratorium, Soviet leader Gorbachev made a statement proposing to single out the problem of medium-range missiles in Europe from the complex issues of nuclear and space weapons, and to conclude a separate agreement on the issue. This proposal by Gorbachev is noticeably different from his previous position of a complex solution to the disarmament question, which he insisted on at the meeting with Reagan in Reykjavik on October last year. This, therefore, has aroused strong reaction on both sides of the Atlantic.

In its statement on 1 March, the White House classified the Soviet proposals as positive as a whole.

On the same day, the Canadian minister of foreign affairs made a statement in support of the idea of concluding a separate agreement on the medium-range missile question.

The East European countries, namely Czechoslovakia and the GDR, announced their full support for Gorbachev's new proposals. They spoke out in favor of dismantling the missiles deployed as countermeasures in their territory after the United States and the Soviet Union conclude an agreement on medium-range missiles in Europe. Romania, Hungary, Poland, and Bulgaria have also spoken out in favour of Gorbachev's new initiatives.

In Western Europe, France responded with reservations to the Soviet proposals. A French Foreign Ministry communique stated that because of the imbalance between the two blocs in the areas of chemical and conventional weapons, tendencies to denuclearize Europe should be avoided.

The UK foreign minister, in his 2 March statement, welcomed the new Soviet proposals. Gorbachev's proposals were also welcomed by the FRG Government and public circles.

Since Gorbachev assumed the position of secretary general of the CPSU Central Committee, the Soviet Union has twice radically changed its position on the question of medium-range missiles in Europe. The first time the Soviet Union refused to take into consideration a demand to include UK and French missiles in discussions on medium-range missiles in Europe. The second time the Soviet Union's unambiguously proposed to single out the problem of medium-range missiles in Europe from the package of questions on strategic and space weapons and to conclude a separate agreement on this.

The Soviet Union has expressed similar ideas before. At the U.S.-Soviet Reykjavik summit in October last year, agreement was in fact reached on the question of medium-range missiles in Europe. Since the United States stuck to its Star Wars program, the Soviet Union, for its part, insisted on the complex solution of nuclear disarmament. Thus, no agreement on medium-range missiles in Europe was reached.

Now, Gorbachev, at his own initiative, has proposed to conclude a separate agreement on the question of medium-range missiles in Europe. Naturally, this has caused universal attention throughout the world.

Public opinion in many countries has noted that the change in the Soviet position benefits the possibility of reaching agreement on the question of medium-range missiles in Europe and creates a favorable atmosphere for disarmament talks in general. It serves as an important step in the right direction, moves the Reykjavik process from its frozen position, and makes an important breakthrough on the question of disarmament.

At the same time, the new Soviet proposals, people have noticed, the strategic weapons with space weapons and with [word indistinct] U.S. Star Wars achievements.

It should be noted that Soviet medium-range missiles are deployed not only in Europe but in Asia as well. After the dismantling of Soviet and U.S. medium-range missiles in Europe, the Soviet Union will gain an even greater defensive advantage. Therefore, observers feel that it is imperative to view this question from a global viewpoint. A PRC Foreign Ministry press representative, at a 4 March press briefing, touched on the new Gorbachev proposals on medium-range missiles and noted: The Soviet-U.S. medium-range missiles talks touch on the security of European as well as Asian countries. Security for Europe and for Asia are equally important. Therefore, the number of missiles displaced in Europe by the Soviet Union and the United States must follow the same principle: a synchronized and balanced reduction until they are totally eliminated.

Gorbachev in his proposal demanded that the United States prove its sincerity with practical deeds. Whether the United States accepts the new Soviet proposals will depend on its own calculations. People are paying great attention to how this issue will develop.

PRC RESIDENTS IN JAPAN SCORE DORMITORY RULING

OW010806 Beijing XINHUA in English 0758 GMT 1 Mar 87

[Text] Beijing, March 1 (XINHUA) -- Chinese residents in Japan demanded reasonable handling of the Guanghua student dormitory case in Osaka, after a local court said the dormitory belonged to Taiwan authorities, the "PEOPLE'S DAILY" reported today.

The daily quoted Chen Kunwang, chairman of the Tokyo Association of Chinese Residents, as saying the Japanese Government should tackle the problems concerning China and Japan according to the joint statement of the two governments and the peace treaty between the two countries.

The dormitory, he said, is state property of the People's Republic of China. So it is, by no means, a civil case, but one of political importance if the Japanese Government respects the statement and the treaty.

The Japanese Constitution stipulates that official organizations, including judicial organs, should abide by treaties signed by the state. But if basic principles provided in the treaties could be violated wantonly, then "trust in each other" will be out of question, the chairman said.

He recalled that in 1976 the Yokohama judicial organ ruled a house in the city registered in the name of the "Republic of China" under the name of the People's Republic of China. [sentence as received] Chen also showed a copy concerning the case, which says the reason for changing the register name is the normalizing of diplomatic relations between Japan and China on September 29, 1972.

The Guanghua dormitory is the same nature of case as the house in Osaka, and the Japanese Government had the obligation to go through the formalities of property right registration, he pointed out.

Wang Xueying, vice chairman of the Kyoto Association of Chinese Residents, told PEOPLE'S DAILY reporter that the court in Osaka knows well that the ruling is wrong. The court avoided mentioning political issues, and basic principles of international law concerned in trying the case, identifying the case as civic, he added.

The court insisted that the government of the People's Republic of China only enjoys a limited right of China's possessions in Japan, so this is an undisguised attempt to create "two Chinas," Wang said.

He said patriotic Chinese residents in Japan are incensed at the ruling.

Wang added that representatives of the students living in Guanghua Dormitory are planning to lodge an appeal to the higher court.

Liu Shuqing Reiterates Dissent

OW021435 Tokyo NHK Television Network in Japanese 1200 GMT 2 Mar 87

[Text] According to a KYODO report from Beijing, Chinese Vice Foreign Minister Liu Shuqing today charged that the Osaka High Court ruling last month favoring Taiwan in a case involving ownership of a student dormitory in Kyoto City violates China's national interest.



Liu made the comment when he met with Ryosaki Sasaki, adviser of the Democratic Socialist Party.

The ruling not only violates the Chinese national interest but also hurts the Chinese people's feelings, he said, adding that the Japanese judicial system's action of accepting the lawsuit filed by the Taiwan authorities is tantamount to recognition of two Chinas. This, Liu said, runs counter to the Sino-Japanese Peace and Friendship Treaty and to international law.

#### Signed Article Condemns Ruling

OWO60726 Beijing XINHUA in English 0709 GMT 6 Mar 87

["Japanese Court's Ruling on Dormitory Lands Goes Against International Law: PEOPLE'S DAILY Signed Article" -- XINHUA headline]

[Text] Beijing, March 6 (XINHUA) -- A Japanese court that ruled in favor of Taiwan authorities in a dispute with the Chinese Government over the ownership of a parcel of land in Kyoto violated international law, PEOPLE'S DAILY says in a signed article today.

Written by Zhao Lihai, professor of international law at Beijing University, the article says all judicial rulings that create "two China's" or "one China, one Taiwan" and brings harms to the legitimate rights and interests of the People's Republic of China are illegal.

The lawsuit concerns Koka-ryo, a dormitory building located in Kyoto, Japan. The People's Republic of China contends the building is China's state property as it was bought with Chinese people's capital after the Second World War and has been used as a dormitory building for Chinese students in Japan.

In 1977, Japan's Kyoto district court ruled that the real estate belonged to the People's Republic of China. But later Taiwan authorities appealed in the name of "Republic of China." The Osaka higher court accepted the appeal and overturned the lower court's judgement.

On February 26 this year, a third judgement from the Osaka higher court maintained that the land belonged to Taiwan authorities.

The PEOPLE'S DAILY article points out that after the normalization of Sino-Japanese diplomatic relations Japanese courts should not handle lawsuits lodged by Taiwan authorities in the name of [the] so-called "Republic of China."

If Japanese courts accept litigation from a plaintiff named "Republic of China," it is the same as establishing official relations with Taiwan authorities and making Taiwan as a "political entity," hence creating "two China's" or "one China, one Taiwan."

The article says Japanese courts' denial of the right of the People's Republic of China to inherit the dormitory building runs counter to the norms of international law.

It also says the Japanese Government should not refuse to fulfil international obligations using domestic law as an excuse.

The Japanese Constitution also provides that the power of "handling foreign relations" belongs to the cabinet, the article says.

It stresses that the Koka-ryo case is by no means an ordinary civil lawsuit. Only by strictly abiding by the Sino-Japanese Joint Statement and the Sino-Japanese Peace and Friendship Treaty can bilateral relations grow steadily, which is in the fundamental interests of the two countries and two peoples, the article notes.

SUN PINGHUA MEETS, FETES JAPANESE SOCIALISTS

OW011539 Beijing XINHUA in English 1455 GMT 1 Mar 87

[Text] Beijing, March 1 (XINHUA) -- Sun Pinghua, president of the China-Japan Friendship Association, met and feted a delegation from the Japanese Democratic Socialist Party led by its permanent Advisor Ryosaku Sasaki here this evening. The visitors arrived here this afternoon on a friendly visit to China at the invitation of the host association.

Delegation Meet's Li Xiannian

OW031059 Tokyo KYODO in English 1052 GMT 3 Mar 87

[Text] Beijing, March 3 KYODO -- Chinese President Li Xiannian, describing Taiwan as China's "gravest wound," Tuesday urged Japan to refrain from irritating that wound. During a meeting with a visiting Japanese politician, Li also said he does not expect Sino-Japanese relations to change in the wake of the January dismissal of China's Party Chief Hu Yaobang.

"Hu Yaobang was not the only person who contributed to good Sino-Japanese ties. Chairman Mao also did so, and so did Premier Zhou Enlai, Foreign Minister Chen Yi, Chairman Deng Xiaoping and even myself," Li told Ryosaku Sasaki, the leader of a Democratic-Socialist Party delegation from Japan.

Li described the resignation of Hu from the post of party general secretary as a personnel reshuffle such as "happens in all countries."

While assuring Sasaki that Sino-Japanese relations would remain unchanged, Li complained about the contact Japan made with Taiwan in connection with a group of North Korean defectors and a decision made by a Japanese court last week supporting Taiwan's claim to ownership of a student dormitory in Japan.

"It is important not to irritate the wounds of other. Taiwan is China's gravest wound," Sasaki quoted Li as saying.

Responding to Sasaki's plea that China should not change its policy toward Japan, Li told the Japanese visitor that it is Japan which should show more understanding of China. "We should stop doing things which make us both unhappy," Li said.

Turning to the subject of Hu Yaobang, Li said the party leadership recognized the achievements of Hu in improving ties between Japan and China.

The problem with Hu, Li said, was that he failed to deal strictly with students whom he said had mounted a "total Westernization" campaign critical of socialism.

"Hu Yaobang was in a position to control it, but he acted weakly," Li said.

BOUNDUP NOTES DRA BOMBING OF PAKISTAN TERRITORY

OM020734 Beijing XINHUA in English 0700 GMT 2 Mar 87

["Roundup: Afghanistan Steps Up Bombing of Pakistan Territory (by Tang Shuifu)" -- XINHUA headline]

[Text] Islamabad, March 2 (XINHUA) -- The recent intensified bombings of Pakistan territory by Afghan aircraft are considered here as an attempt Kabul made to press for Pakistan's concessions on the Afghanistan issue.

Sixteen Afghan jet fighters on February 26 bombed two villages in North Waziristan Agency, Pakistan's northwest frontier province, and dropped 24 bombs. At least 40 Pakistani civilians and Afghan refugees were reportedly killed and another 200 wounded.

On the following day, Afghan planes again raided Kurram Agency of the same province. More than 30 people were killed and about 200 others wounded in the bombing.

The two raids, the most serious ones in recent years, took place only one or two days after Pakistan and the Kabul regime resumed their indirect talks in Geneva under U.N. auspices over the political settlement of the Afghanistan problem.

Since the Soviet invasion of Afghanistan in December 1979, there have been more than 700 air violations by Afghan planes against Pakistan and the air bombings inflicted heavy casualties and property losses on Pakistan's border residents.

Official statistics disclosed that over 600 Pakistani civilians and Afghan refugees have been killed or wounded in the air raids.

The recent bombings have aroused strong indignation and condemnation in Pakistan.

The Government has lodged a strong protest with the Kabul regime on February 27. The protest note, which was conveyed to the Afghan representative in the Geneva indirect talks, warned that the Kabul regime should be responsible for the consequences of its continued criminal acts and said Pakistan reserved the right to give a suitable riposte.

Prime Minister Mohammad Khan Junejo inspected the affected areas on February 28 and issued an order to the country's air force to intercept Afghan planes whenever they intrude into Pakistan's air space.

National Assembly Speaker Namid Nasir Chattha pointed out that the Kabul regime was apparently designed to undermine the Geneva indirect talks by such cruel tactics. Through this heinous outrage, he observed, the Kabul authorities attempted to spoil the atmosphere of the talks.

So far there is no indication that the Geneva indirect talks will come to a deadlock. The Pakistan Government indicated that it would continue its effort for seeking a political solution to the Afghanistan problem.



ANALYSIS VIEWS WEST EUROPE REACTION TO USSR OFFER

OWO41945 Beijing XINHUA in English 1926 GMT 4 Mar 87

["News Analysis: Western Europe's Mixed Feelings Towards Soviet Arms Proposal (by Dai Lubing) -- XINHUA headline]

[Text] Bonn, March 4 (XINHUA) -- The latest Soviet proposal for scrapping medium-range missiles in Europe has aroused a mixed feeling of support and concern among West European countries.

While describing the Soviet offer as "constructive" and "positive", they fear that an agreement on medium-range missiles in Europe may tip the regional balance of power in the Soviets' favor.

On Saturday, Soviet leader Mikhail Gorbachev said his country was ready to strike a separate deal with the United States to dismantle medium-range missiles from Europe, revising his previous stand that intermediate nuclear forces must be considered part of a comprehensive package.

Government and opposition leaders of Federal Germany, Italy, Britain and other West European countries generally supported the Gorbachev proposal, some of them even regarding it as a "constructive and serious step" in arms control.

Local newspapers said Gorbachev's proposal has given life to the arms talks which have come to a deadlock since the U.S.-Soviet Reykjavik summit last October and might revive prospects for another U.S.-Soviet summit meeting.

A British newspaper also said the largest block to Europe's nuclear disarmament is being removed as the Soviets no longer insist that medium-range missile issue be linked with the U.S. Strategic Defense Initiative (SDI).

On the other hand, however, West European leaders also expressed concerns in their statements that the proposed agreement on eliminating Euro-missiles may endanger European security and leave the region unprotected.

Federal Germany spokesman Friedhelm Ost said West European security should be taken into full consideration and this is of "decisive significance" to his country. Italian Defense Minister Giovanni Spadolini stressed that during the U.S.-Soviet negotiations on medium-range missiles, Europe's needs should not be neglected.

The West European concerns are essentially the same as those expressed at the time of the Reykjavik summit when the superpowers agreed in principle to eliminate medium-range missiles in Europe in five years, but the agreement was never signed because of their differences over the SDI issue.

West Europeans believe that peace of the region depends on the East-West nuclear balance and for them, U.S. Pershing-2 and ground-launched cruise missiles deployed in Western Europe remain the most important component of the balance.

Once the U.S. missiles are pulled away, the West European countries, they fear, can hardly maintain a nuclear deterrent, and will be exposed to Soviet superiority in short-range nuclear missiles and conventional weapons.

They also suspect that any U.S.-Soviet agreement may leave Western Europe unprotected by the U.S. nuclear umbrella and even cause to separate the European defense from that of the United States.

Therefore, some Western Europeans, while welcoming the Soviet proposal, stressed the necessity to negotiate on short-range missiles and conventional weapons.

Italian Defense Minister Spadolini said the Soviet superiority in the other weaponry should also be considered at the negotiations on medium-range missiles.

While expressing opposition to the denuclearization of Western Europe, a French Foreign ministry spokesman suggested that certain issues, including those concerning the short-range missiles, be resolved during the superpower negotiations on medium-range missiles.

Apparently to avoid any U.S. unilateral move which may impair the European interests, Federal German Foreign Minister Hans-Dietrich Genscher said yesterday that the United States and its allies should make a joint response to the Soviet proposal.

Despite their concerns, many European leaders believe the Soviet offer is welcome if it marks a real beginning for a series of arms control agreements. Genscher said he was optimistic about the Soviet proposal and believed that Washington and Moscow could reach an agreement on medium-range missiles in Europe within the next six months.

But they also believe that the U.S.-Soviet negotiations will be an exceptionally tough process since neither side wants to be made inferior to the other. While the superpowers wrangle with each other, the Europeans will be anxious to see how their interests will be defended.

#### FRANCE TO STRENGTHEN SCIENTIFIC COOPERATION

OW251340 Beijing XINHUA in English 1324 GMT 25 Feb 87

[Text] Beijing, February 25 (XINHUA) -- France will increase its contribution from 15 million francs last year to 30 million francs this year to support Sino-French joint scientific projects.

This was disclosed by Jacques Varet, scientific councillor of the French Embassy, here today.

France is the first Western country to sign the governmental agreement on scientific and technological cooperation with China, and a scientific and technological working group of the two countries was set up in 1978.

I. 6 Mar 87

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PRC INTERNATIONAL AFFAIRS  
WESTERN EUROPE

The group held a meeting from February 13 to 21 in Beijing to review the 74 scientific and technological projects between China and France in 1986. The two sides also determined 88 new projects to be conducted this year.

Now the scientific and technological cooperation between the two countries has expanded from basic science to the fields of applied science such as energy, transportation, communications, agriculture and medicine.

FRENCH FOREIGN MINISTER TO VISIT IN MAY

OW042110 Beijing XINHUA in English 1552 GMT 4 Mar 87

[Text] Paris, 4 Mar (XINHUA) -- French Minister of Foreign Affairs Jean-Bernard Raimond will visit China in May, the official French news agency AFP announced today.

The exact dates of the visit are not yet available.

Raimond will be in India on March 5 and 6 to discuss bilateral relations and the situation in Afghanistan with Indian leaders, sources in New Delhi reported.

The French foreign minister will be in Japan from March 7-10 for discussions of the trade imbalance between the European Community, Japan and the United States. The summit meeting of industrialized countries at Venice and France's staggering 21 million franc (about six French francs equals one U.S. dollar) trade deficit with Japan.

Raimond will also visit Pakistan during May.

LI XIANNIAN RECEIVES NEW AUSTRIAN ENVOY

OW050722 Beijing XINHUA in English 0652 GMT 5 Mar 87

[Text] Beijing, 5 Mar (XINHUA) -- New Austrian Ambassador to China Paul Ullmann presented his credentials to Chinese president Li Xiannian here this morning.

Ullmann arrived here February 23.

ZHAO ZIYANG MEETS NEW ITALIAN, IRISH ENVOYS

OW031450 Beijing XINHUA in English 1446 GMT 3 Mar 87

[Text] Beijing, 3 Mar (XINHUA) -- Chinese Premier Zhao Ziyang met on separate occasions with New Italian Ambassador to China Alberto Solera and new Irish Ambassador to China Gearoid O'Broin here this afternoon.



TANZANIAN PARTY DELEGATION PAYS VISIT

OW231122 Beijing XINHUA in English 1058 GMT 23 Feb 87

[Text] Beijing, February 23 (XINHUA) -- Song Renqiong, vice-chairman of the Chinese Communist Party Central Advisory Commission, discussed economic policies with a study group from the Tanzanian Revolutionary Party here this afternoon at the Great Hall of the People.

The group, led by R. Nyamka, member of the party's National Executive Committee and chairman of the Dar es Salaam regional committee, arrived here this morning at the invitation of the Chinese Communist Party.

The Tanzanian party officials are scheduled to exchange views with Chinese officials on urban and rural development before leaving here for a tour of Tianjin, Nanjing, Shanghai and other cities.

TANZANIAN PRESIDENT DEPARTS FOR VISIT TO PRC

OW011908 Beijing XINHUA in English 1901 GMT 1 Mar 87

[Text] Dar es Salaam, March 1 (XINHUA) -- Tanzanian President Ali Hassan Mwinyi left here today for a state visit to China at the invitation of Chinese President Li Xiannian.

This is Mwinyi's third time to visit China. He visited China as Tanzanian minister of health in 1973 and vice-president and Zanzibar president in 1985.

Seeing him off at the airport were Tanzanian Prime Minister and First-Vice-President Joseph Warioba, Vice-President and Zanzibar President Idris Wakil and Tanzania Revolutionary Party Secretary-General Rashidi Kawawa. Officials from the Chinese Embassy in Tanzania was also present.

Mwinyi is on a three-nation Asian tour which will also take him to Indonesia and the Democratic People's Republic of Korea.

LI XIANNIAN RECEIVES NEW ZIMBABWEAN ENVOY

OW050710 Beijing XINHUA in English 0659 GMT 5 Mar 87

[Text] Beijing, March 5 (XINHUA) -- New Zimbabwean Ambassador to China Nicholas Tasunungurwa Goche presented his credentials to Chinese President Li Xiannian here this morning. Goche arrived here February 26.

ZHAO ZIYANG VIEWS POLICY TOWARD INTELLECTUALS

OW052007 Beijing XINHUA Domestic Service in Chinese 1546 GMT 5 Mar 87

[By reporter Li Shangzhi]

[Text] Beijing, 5 Mar (XINHUA) -- Zhao Ziyang, acting general secretary of the CPC Central Committee and premier of the State Council, met with scientific and technical personnel taking part in research on superconductors in Zhongnanhai this evening. He told them that along with the gradual implementation of the party's policy toward intellectuals, there have been fundamental changes in overall relations between the party and intellectuals and that knowledgeable and talented people are receiving more and more respect in our society. We must strive to create an atmosphere of democracy, unity, harmony, and liveliness in which intellectuals can make due contributions to the country and people and socialism.

Recently the scientific and technical personnel of the Physics Institute of the Chinese Academy of Sciences and the Physics Department of Beijing University achieved major breakthroughs in superconductor research. Zhao Ziyang, Fang Yi, Hu Qili, and Song Jian met with 16 scientists from these two superconductor research groups this evening. They are Zhao Zhongxian, Chen Liquan, Yang Qiansheng, Huang Yuzhen, Chen Genghua, Tang Ruming, Liu Guirong, Cui Changgeng, Chen Lie, Wang Lianzhong, Guo Shuquan, Li Shanlin, and Bei Jianqing of the superconductor research group of the Physics Institute of the Chinese Academy of Sciences and Gan Zizhao, Yin Daole, and Zhang Wenbin of the superconductor research group of the Physics Department of Beijing University. They are all middle-aged or young scientists, the oldest being 54 and the youngest 22, and three are women.

The leading comrades warmly shook hands with the scientists. Zhao Ziyang said: "I congratulate you, comrades, on your major breakthroughs and thank all of you for your contributions to the motherland." Zhao Ziyang and other leading comrades also posed for pictures with the scientists. After inquiring about the two research groups' work, Zhao Ziyang said: Our socialist system has inherent superiority over the capitalist system, and tackling a scientific task through collective efforts has been one of our fine traditions for many years. The breakthroughs you achieved under relatively difficult circumstances are vivid examples of this tradition, and once again prove that China's intellectuals are marvellous and have high aspirations and standards, and that they are capable of scaling new heights in the world of science.

Zhao Ziyang said: Now we are facing a challenge and an opportunity in the worldwide scientific and technological revolution. With its outstanding contingent of scientists and technicians, China will catch up with the advanced countries. The party, government, and people hold you in high esteem and support you.

Zhao Ziyang said: Since the 3d Plenary Session of the 11th CPC Central Committee the party and the government have taken a series of measures to implement the policy toward intellectuals and the call for respecting knowledge and people with expertise is receiving more popular support. Overall, there have been fundamental changes in relations between the party and intellectuals. Not long ago some people tried to incite intellectuals against the party. In my opinion, they can never succeed, and the intellectuals will never be taken in.

He emphatically pointed out that it is the unswerving policy of the party and the state to respect knowledge and talented people and to bring their expertise into play in various fields.

We will continue to improve the working and living conditions of intellectuals and create an atmosphere of democracy, unity, harmony, and liveliness in which intellectuals can make due contributions to the country and people and the cause of socialism. Despite the limitations of our conditions and the shortcomings in our work, we have made great improvements in the overall working and living conditions of intellectuals, and will continue making improvements. It is the time now for intellectuals to repay what the country has done for them. The large number of intellectuals should cherish this golden opportunity, which the party and the people also treasure, by linking their own future with the future of China and working relentlessly for the four modernizations program.

Premier Zhao pointed out that it is our established and unswerving policy to continuously improve the living and working conditions of scientists and technicians, as well as for all intellectuals. At the same time, we hope that scientific and technical personnel will further display patriotism and the spirit and courage to work hard to tackle difficult problems, resolve to win honors for the country and people, and contribute to socialist modernization.

Zhao Ziyang said: Our scientific and technical personnel are fighting a battle on two fronts: One to solve pressing problems of economic and social development; and the other to study new technology and catch up with high technology in the world. It is imperative for us to emphasize the primary battlefield, solving problems for economic construction, because only when the economy is developed and construction promoted will there be more funds and specialized personnel available for basic scientific research. However, this does not mean that we neglect the importance of studying basic sciences and high technology. It is hoped that all intellectuals will go forward hand-in-hand and advance in unity.

Comrades Fang Yi, Hu Qili, and Song Jian also encouraged the scientists to make concerted efforts to solve difficult tasks and win group honors, as the table tennis teams did.

Officials from the Chinese Academy of Sciences, the State Education Commission, and Beijing University attended the meeting. The meeting was punctuated with applause and laughter.

#### NEW SCIENCE ACADEMY HEAD ON REFORM MEASURES

OW051208 Beijing XINHUA in English 1145 GMT 5 Mar 87

[Text] Beijing, March 5 (XINHUA) — The Chinese Academy of Sciences plans to become a major force in the economy while encouraging scientists to conduct basic research and make advances in sophisticated technology, said Zhou Guangzhao, president of the academy, here today.

Speaking at a press conference, his first since taking over the presidency early this year, Zhou said reform areas include boosting scientific research units and giving a freer rein to scientists.

The first priority is to improve the relationship between scientific research and the economy, Zhou said. During the 1986-1990 period, the academy will participate in all key research projects, technical innovations of traditional industries and help develop technology-intensive industries.

To accomplish this goal, "The academy will mobilize the initiative of its 80,000 staff, placing them in projects that will help the country's economy," he added.



Some institutes of applied research, Zhou said, should shift their research from the state's plan to meet the demand from the market and clients which would improve the relationship between scientists and enterprises. Research institutes can also set up high-tech companies, and scientists could also start their own enterprises or sign contracts for research projects. The academy is planning to establish high-tech groups out of the existing high-tech companies.

Zhou Guangzhao said that the academy will focus one-fourth of its resources on fundamental studies the academy will build a comprehensive research center of natural sciences the academy also wants to set up joint laboratories with institutions of higher learning. Research institutes are encouraged to seek aid from abroad and cooperation with foreign counterparts in order to become worldwide research centers.

RENMIN RIBAO COMMENTATOR ON PARTY DISCIPLINE

HK051431 Beijing RENMIN RIBAO in Chinese 5 Mar 87 p 1

[Commentator's article: "Defend the Party's Political Discipline, Strengthen Inner Party Supervision"]

[Text] It was pointed out at the party's National Discipline Inspection Work Conference which just concluded, that strictly enforcing the party's political discipline, safeguarding the four cardinal principles, and opposing bourgeois liberalization is an important task in discipline inspection work at present. The settlement of this task has manifested the determination and plan of the party Central Committee and is in line with the reality of discipline inspection work. It is hoped that party organizations at various levels, including discipline inspection committees at various levels, will regard this task as a major event of this year.

Upholding the four cardinal principles and ensuring a high degree of ideological and political unity for the whole party is a fundamental requirement of the party's political discipline. Strictly enforcing and conscientiously observing the party's political discipline is an unshirkable duty of party organizations at various levels and each party member. Only by strictly enforcing the party's political discipline can the party's unity and solidarity be safeguarded, reforms and opening up to the outside world be promoted, and the smooth progress of the modernization drive be ensured. However, for some time in the past, a small number of party organizations did not have a clear understanding about this and did not pay enough attention to this. They were weak and lax. A very few party members ignored the party Constitution and party discipline, departed from the basic political stand, spread views running counter to the four cardinal principles, seriously and adversely affected the political situation of stability and unity, endangered the party's causes, damaged the party's image, and caused an extremely adverse effect both within and outside the party. History and reality have shown that at no time and under no circumstance should we relax enforcing the party's political discipline. Party organizations at various levels should make great efforts to strengthen education on party character among party members, and constantly improve their ideological and political quality so that each party member will regard the party Constitution as the standard of his words and deeds, and will unswervingly implement the party's line, principles, policies, and resolutions.

To ensure a strict enforcement of the party's political discipline, it is necessary to strictly enforce organizational discipline and adhere to and defend the principle of democratic centralism. [paragraph continues]

Democratic centralism is the fundamental system of the party and the country. Whether or not this system is seriously implemented has a bearing on the destiny of the party and the country. Despite the bitter lessons of the party's history that some party organizations and some leading cadres of the party practiced "what I say counts," the patriarchal system, and one person laying down the law, abused their power in handling important political issues involving principles, and caused serious damage to the cause of the party and the people. Despite repeated injunctions of the party Central Committee, a small number of organizations and individuals still ignore warnings, cling obstinately to their own ways, and continue to violate the principle of democratic centralism. It can thus be seen that both strictly enforcing the party's organizational discipline and strictly enforcing the party's political discipline are an arduous and long-term task.

To strictly enforce the party's political discipline and organizational discipline, it is necessary to have a sound supervision system and to earnestly implement this system so that party organizations at various levels and the broad masses of party members, leading cadres of the party at various levels in particular, will put themselves under the effective supervision of the party and the masses, conscientiously observe the party's rules and regulations, and consolidate the close ties between the party and the people. Discipline inspection committees at various levels should seriously organize party members to restudy the party Constitution and requirements concerning inner-party supervision in "the CPC Central Committee's Decision on the Guiding Principles for the Building of the Socialist Spiritual Civilization" so that everyone will understand that: Each party member and organization are at once a supervisor and one of the supervised and all are equal within the party in terms of supervision; all party members, including ordinary ones and those at the highest leading posts, must perform the duty of exercising supervision and must also put themselves under various forms of supervision; he who does not exercise supervision over others has shirked the duty of a Communist Party member and he who does not put himself under supervision has violated the party's discipline. Our party does not permit the existence inside the party of special party members who do not keep themselves within the bounds of discipline or do not put themselves under supervision; and permission to reject supervision and restrictions would certainly cause harm. Therefore, party organizations at various levels, including discipline inspection committees at various levels, must earnestly perform the duty of inner-party supervision. While conducting education on party character, party style, and party discipline, it is necessary to exercise supervision over party members, party-member leading cadres in particular, on important issues involving fundamental orientation and principles so that they can set an example and become a model in observing discipline for the whole party and all the people of the country.

#### COMMENTATOR VIEWS LEFTIST, RIGHTIST TRENDS

HK050229 Beijing GUANGMING RIBAO in Chinese 23 Feb 87 p 1

[Commentator's article: "Adhere to the Correct Orientation, Encourage Theoretical Workers To Explore Boldly"]

[Text] Leading comrades of the central authorities have recently pointed out time and again that the purpose of the struggle against bourgeois liberalization is to correctly and comprehensively implement the line of the 3d Plenary Session of the 11th CPC Central Committee. The essential point of this line includes adherence to the four cardinal principles and upholding the policy of reform, opening up, and invigoration. All comrades who support the four cardinal principles and the policy of reform, opening up, and invigoration should take an active part in the struggle against bourgeois liberalization. [paragraph continues]

The broad ranks of theoretical workers should stand in the forefront of the struggle and make their due contributions.

The four cardinal principles are the foundation for establishing and administering our country, which have always been disrupted by both the "left" and right deviations. Following the downfall of the "gang of four," the theoretical circles reached a consensus in opposing the ultra-"leftist" tendency pursued by Lin Biao and the "gang of four." However, we cannot deny the fact that the theoretical circles have failed to seek unity of thinking in clearing away obstruction from the right deviation and in the struggle against bourgeois liberalization. A handful of people went so far as to oppose the struggle against bourgeois liberalization. Some individuals have indulged themselves in advertising bourgeois liberalization. Let us put this matter aside for the time being. Some comrades either deny the existence of bourgeois liberalization or acknowledge its existence but do not regard it as a serious matter. Nevertheless, they are worried that the struggle against bourgeois liberalization would give rise to a comeback of "leftist" practices. Facts have proved that the remnants of both "leftist" and rightist deviations exist in actual life. The grave consequences of both should not be ignored. Such being the case, the current principle is to oppose the "left" and right deviations accordingly whenever they appear and focus attention on that aspect where the problems are most grave. This is the scientific attitude of dialectical materialism. Moreover, it is unrealistic to say that the struggle against the right deviation will give rise to "leftist" practices. In the history of our party, it is true that the mistakes of "leftist" practices occurred in the struggle against rightist deviation. However, the basic requirement of materialist dialectics is concrete analysis of concrete problems. Today the whole party and the people of the whole country who suffered miserably from the decade long "Cultural Revolution" will never allow repetition of the "leftist" practices. As the core of Marxist leadership which upholds the four cardinal principles, the CPC Central Committee has always resisted interference from both the right and "left" deviations that run counter to the four cardinal principles. In the important documents drafted recently, the CPC Central Committee affirmed the necessity, urgency, and great significance of the struggle against bourgeois liberalization; expressed firm determination to carry out the struggle through to the end; clarified the nature, scope, emphasis, and policies of the current struggle; and warned against the possibility of criticizing bourgeois liberalization from the ultra-leftist angle. So long as we act according to the party's documents, the struggle will surely proceed in a healthy and thoroughgoing manner and enrich and develop the four cardinal principles.

Another essential point of the 3d Plenary Session of the 11th CPC Central Committee is the policy of reform, opening up, and invigoration. This is the only way out for China's socialist modernization. To implement this policy, we need the guidance of Marxist theory. Theoretical workers should offer answers without delay to the new problems, circumstances, and experiences arising from reform, opening up, and invigoration. Since there is no precedent to putting the policies in practice, theoretical workers are required to proceed from China's actual reality, boldly blaze new trails, and make explorations. Their mistakes in explorations should be permissible. They have been over the past few years and we should continue this practice in the years to come. So long as China's policy of reform, opening up, and invigoration remains unchanged, the "double hundred" policy upheld by our party to encourage theoretical workers to make bold explorations will not change, either.

China has a definite political orientation for its reform, opening up, and invigoration, that is, build a modern and powerful socialist country with Chinese characteristics under the leadership of the party. [paragraph continues]



As theory should be integrated with and serve practice, this political orientation is also applicable to theoretical research and should be consciously accepted by theoretical workers. The solution of this political orientation will help theoretical workers correctly handle the relations between theory and practice in the course of explorations so that they will not lose their bearings and go astray. Consequently, theory will directly and effectively serve practice and play its due role in reform, opening up, and invigoration.

Leading comrades of the central authorities have recently reiterated the party's "double hundred" policy and pointed out time and again that the struggle against bourgeois liberalization should be carried out in accordance with the line, principles, and policies enacted since the 3d Plenary Session of the 11th CPC Central Committee and should particularly solve the fundamental questions of political principles and orientation. This shows that the struggle against bourgeois liberalization and the efforts made to solve the question of socialist orientation do not contradict encouraging theoretical workers to make explorations boldly. Regarding bold explorations, a correct political orientation is not a restriction but a moral standard to be observed by everyone. As is known to all, a moral standard that conforms to the objective law never hinders freedom of thought. The moral standards in art have no restrictions. Instead, they promote elegance and flowing style of plastic arts, music, and dancing. This is also the case of theoretical research and exploration. Like literary and artistic creation, theoretical research can obtain a high degree of freedom and be of guiding significance to social practice only by conforming to the objective law and following the correct orientation.

By summing up the experience in theoretical work over the past few years, we can see that a correct political orientation can play an impetus role in bold explorations made by theoretical workers once it is mastered by the people. Viewed from the needs of theoretical research in reform, opening up, and invigoration, the quantity of China's theoretical workers and the exploration on actual problems are far from enough. Only by adhering to the correct orientation can we concentrate the energy of the broad ranks of theoretical workers and bring their initiative into full play.

#### LIAOWANG NOTES 'PEACEFUL' SITUATION ON CAMPUSES

HK050141 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 9, 2 Mar 87 p 1

["Letter from Beijing" by Bao Xin (7637 0207): "University Campuses in China Witness a Peaceful and Stable Situation"]

[Text] Brother:

Over 1,000 higher learning institutions in China have started their new term after the conclusion of the winter vacation in mid February. Nearly 2 million university students have returned to their classrooms and have begun their studies in the new term. There is laughter everywhere on campus, and teachers and students are talking about their life and what they saw and heard during the winter vacation. The atmosphere is calm and stable. Because some university students took to the streets last December, some people were worried whether the student demonstrations would impact on the students' studies and lives this term. However, facts have proved that the student movement has calmed down and that the new term has provided an excellent environment for teaching and learning. The task now is how to carry out political and ideological work well and fulfill the teaching program.

The root cause of the last student movement was the outflow of bourgeois liberalization. The appropriate settlement of the student movement resulted from the resolute opposition to bourgeois liberalization. Moreover, attention was paid to methods, to the application of policies, and to educating and guiding the students. The majority of Chinese students are patriotic, stand for the four cardinal principles, support the policy of reform and opening up to the world, and are willing to work hard for the invigoration of the Chinese nation. This generation of students also has some weak points. Since primary school, they have spent most of their time within the school gates. They lack practical and social knowledge, know very little about the national conditions, and cannot see through the ideological trend of bourgeois liberalization.

People in various fields have done a great deal of work to treat the student movement properly and improve the students' ideological level and understanding. In line with the characteristics of the students, higher learning institutions organized them to take part in social and practical activities during the winter vacation. Tens of thousands of students went to the rural areas, factories, mines, and enterprises to carry out social investigation and make contact with the masses. Through such social practice, they learned about the great achievements, problems, and difficulties in the economic and other fields and came to understand the necessity for maintaining the political situation of stability and unity, and for ensuring the smooth carrying out of socialist construction in particular. Many students gained much from this social practice. After a period of study, a student of the China Science and Technology University who took part in the earliest student demonstration last year expressed regret over what he had done, saying that he wanted to "wake up from his mistakes" and "devote his youth to the great socialist motherland!"

China is a developing country that badly needs a large number of intellectuals. The people and the state place high hopes on intellectuals. The state spends an average of 2,000 yuan on each student every year. Apart from not collecting their school fees, the state issues subsidies and scholarships to some students, provides free medical service for all students, and arranges for work after graduation. There is no problem of "becoming jobless after graduation." For a poor country like China, this is superior treatment that gives expression to the best possible effort the country has made.

The student movement has calmed down. But this does not mean that the problems of the students have all been resolved. Insofar as the root cause of the student movement -- bourgeois liberalization -- is concerned, the struggle against it is quite a long-term one. Universities also have their own problems to solve. Moreover, social influence on the students is strong, as they do not live outside society. For this reason, the State Education Commission has decided to take full account of the following two matters on the educational front this year: One is opposing bourgeois liberalization and the other is continuing the various reforms in the educational field.

As on other fronts in the country, the struggle against bourgeois liberalization on the educational front is also restricted within the party and carried out mainly in the political and ideological fields by focusing on the settlement of the fundamental political principles and political orientation. In other words, the struggle is directed at the erroneous ideological trend that tries to deviate from party leadership and negate the socialist road. The basic policy is to give education and guidance and not to launch a political movement. It should be particularly stressed that universities should strengthen their ideological and political work this year. [paragraph continues]

University leaders are required to frequently go deep among the students, have heart-to-heart talks and exchange views with them, and improve their understanding. Universities should formulate the necessary rules and regulations so that the students have a normal, democratic way to express their opinions. The students' reasonable demands and suggestions should be seriously studied, and work should be improved after accepting their demands and suggestions.

Because university discipline was lax as a result of the student movement, as soon as the new term started universities began to strengthen their management, strictly enforce rules and regulations, bring socialist democracy into better play, and carry out education in the legal system.

In the last student movement, leaders of many higher learning institutions could stand the test and handle the movement very well. It was reported that the authorities concerned had readjusted the leading groups of some universities for the purpose of improving management.

China's educational reform will continue despite interference left over from the student movement. The purpose of opposing bourgeois liberalization is to ensure that educational reform develops in a correct political orientation and to put into effect the "Decision of the CPC Central Committee on Educational System Reform."

Bao Xin

25 February

COMMENTATOR ON MAOIST PRINCIPLES OF LITERATURE, ART

HK060345 Beijing GUANGMING RIBAO in Chinese 25 Feb 87 p 1

[Commentator's article: "'The People Are the Mother of Literature and Art Workers' -- Enlightenment Given by Television Series 'Triumphant Return at Midnight'"]

[Text] The 11-episode television series "Triumphant Return at Midnight" has evoked strong repercussions among the literary and art circles and the broad masses of the people. This has posed a fundamental issue of universal significance to us, namely, the relationship between literature and art and the masses of people. The importance of this issue has far exceeded the development of the television series itself, the creation of the military works and the styles, skills and techniques of arts.

The relationship between literature and art and the masses of people was clearly defined as early as in 1942 when Comrade Mao Zedong raised the issue that "literature and art should serve the masses" and the issue of "how literature and art should serve the masses" onto a high plane of "being the crux of the issue" and "fundamental and principled." He also maintained that in the literature and art circle "if this fundamental issue is not resolved, many other issues will not be resolved, either."

Since the 3d Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has reaffirmed and developed this fundamental guiding thinking.

"The people are the mother of literature and of artists. The artistic life of the progressive literature and of artists lies precisely in their flesh-and-blood ties with the people. [paragraph continues]



If these ties are forgotten, neglected or severed, their artistic life will dry up." "It is necessary to consciously draw material, themes, plots, language, and poetic and artistic inspiration from society and be encouraged by the people's dynamic spirit. This is the fundamental road for our socialist literature and art cause to be prosperous and flourishing."

Nevertheless, this important issue affecting the "life of literature and art" and the "road" have been increasingly neglected, faded in memory, treated with indifference and even negated in the literature and art circles in recent years. Instead of publicizing the party's guidelines and encouraging writers and artists to love and understand the people and learn from them and create works to reflect their life and struggle, some leading party officials in literature and art and some principal literary journals have gone so far as to spread erroneous ideas and concepts that hold the people in contempt and advocate deviation from the life of the people. As a result, many literature and art works have become the "self-demonstration" and "self-appreciation" of a few people within a small circle. When the trend of bourgeois liberalization was running high, some leading party officials were actually encouraging a "competition" in vilifying, blaspheming, and insulting the Chinese nation, the Chinese people and Chinese history. Those who went far in this aspect received encouragement and applause. The lofty revolutionary heroism, selfless devotion and patriotism were for a while ridiculed as "deep-rooted bad habits of the nation," "feudalistic concepts," "slavishness," "degeneration," and "the spirit of Ah Q."

In the face of this situation, it is quite natural that people particularly treasured and valued such excellent works as "Triumphant Return at Midnight" which was shown at a time when bourgeois liberalization was running wild.

With a loving passion for the people and a high sense of historical and social responsibility, the creative group of the television series "Triumphant Return at Midnight" are very serious about their work. It is drawn from the life of the people, rather than being a product "divorced from reality." The work does not avoid mentioning the various negative phenomena in history and at present, including some of the shortcomings of the masses of people themselves. Nevertheless, it does not focus on deliberately exaggerating these things.

On the contrary, it concentrates on looking for, digging out and propagating those fine qualities and noble sentiments hidden in our national spirit which combat these negative factors. Through depicting the growth and experiences of the generation of Tong Chuan, Jiang Man, and Lin Dalin, the work reflects the tortuous course of this kind of intrinsic active spirit growing incessantly. The writers and artists whose hearts are truly linked with the people cannot help but do this. This is because these fine spirits objectively exist among our people. It is one of the fundamental reasons that our nation has stood lofty and firm for several thousands of years and an inherent strength for us to break with the state of backwardness, accomplish the great cause of reform and construction, and eliminate our own shortcomings. It is a basis for us to build up our national pride and confidence. Forgetting and failing to notice this fundamental fact, we will lose the starting point and foothold for our progress. Therefore, it is the responsibility of our literature and art to help people restore and strengthen this pride and confidence and give them support and encouragement, rather than using national nihilism, pessimism and skepticism to destroy, attack and hurt this national pride and confidence, not to say vilifying, insulting and undermining the images of the people of all nations nurturing us.

The group which created "Triumphant Return at Midnight" employed a fighting spirit to reflect those soul-stirring and epic fighting incidents which actually happened and used a dedicated spirit to depict that moving, tragic, selfless dedicated spirit in real life. It was exactly out of a strong sense of responsibility for the vast audience that they went to the snowy great northern wilderness in northeast China and the war-ridden border areas after surmounting many difficulties and at the risk of their own lives to engage in artistic creation. This spirit should always be studied and encouraged.

With only a very short history in art circles in our country, the television series is developing very quickly and has scored great achievements. In a certain sense, it can be described as an advanced art. In the last 2 years, a number of excellent works, reflecting our history as well as reality, like "Four Generations Under One Roof," "A Regained World," "This Is Also a Bustling Land," and so on have been released and warmly received. We have reason to believe that as long as we always think of the broad masses of people and strive to constantly absorb nutrition from the colorful fighting life of the people, the art of the television series will possibly have greater development and exercise a positive influence on the development of the literature and art as a whole in our country.

#### RENMIN RIBAO NOTES WRITERS' SOCIAL RESPONSIBILITY

HK050755 Beijing RENMIN RIBAO in Chinese 3 Mar 87 p 5

[Article by Zhou Zhonghou (0719 1813 0624): "Strengthen Writers' Sense of Social Responsibility"]

[Text] Under the new situation of building "two civilizations", reform, and opening up in China, how should our writers, party members writers in particular, strengthen their sense of social responsibility, do their utmost to provide people with the best mental nourishment, use images to conduct education on the masses in "having four qualities," help people attain a lofty realm of thought, and promote the smooth progress of the socialist four modernizations in our country? This is an important task confronting us. I think our writers, party member writers in particular, must pay more attention to this problem.

China's socialist literature and art is a component part of its entire socialist cause. As "engineers of the human soul," writers must engage in socialist literature and art work with a strong sense of responsibility. Party member writers must particularly adhere to the orientation of literature and art serving the people and socialism, create literary and art works from the interests of the party and people, and make more contributions to the prosperity of socialist literature and art.

To party member writers, strengthening literature and art workers' sense of social responsibility means strengthening their spirit of the proletarian party. We know the problem of party spirit of socialist literature was raised in the cause of the development of proletarian revolutionary literature and art, and Lenin expounded on this problem systematically and in an all-round way. Lenin's "Party Organization and Publications" concentrated on expounding the principle of party spirit in publications. The principle of party spirit in publications put forth by Lenin includes the following: 1) To the proletariat in socialism, writing is not an individual cause, but the party's cause; 2) Writing must become a part of the entire cause of the proletariat; 3) Writing must serve thousands upon thousands of laboring people; 4) While exercising its leadership over writing, the party must pay serious attention to the characteristics of writing; and 5) The party's writing cause must be under the party's leadership and supervision.

After Lenin's theory on the party spirit of literature spread to China, Comrade Mao Zedong made further exposition and development. In "Talks at the Yanan Forum on Literature and Art," Mao Zedong further expounded the party spirit of literature and art in connection with China's reality and particularly stressed the problem of the party spirit of party member writers. He said: "Our stand is that of the proletariat and of the masses. For members of the Communist Party, this means keeping to the stand of the party, keeping to party spirit and party policy."

In the new period of building the four socialist modernizations, Comrade Deng Xiaoping particularly expounded writers' sense of social responsibility. In his "speech greeting the Fourth Congress of Chinese Writers and Artists," he pointed out: "Our socialist writers and artists should create vivid, inspiring, and flesh-and-blood characters. Through them they should truthfully depict our rich social life and the inner qualities of our people as shown in their social relations, and give expression to the trend of historical development and to the demands of our progressive era. They should endeavor to educate the people in socialist ideology and imbue them with the drive and spirit necessary to build national strength and prosperity." He said, "Writers and artists who are responsible to the people should always keep their faces turned toward the masses and constantly improve their skills, doing their best to avoid slipshod work, seriously considering the likely impact of their works on society and trying to provide the people with the best mental nourishment." The demands referred to by him in the speech mean the sense of social responsibility of writers and artists and the party spirit of our party-member writers.

Party member writers and artists and those writers and artists who are determined to fight for communism must be affirmed provided that their literary or art works are positive, healthy, and beneficial to the readers and can promote people to upgrade their ideologies, feelings, and aesthetic standards to a higher level. But their words and deeds must have party spirit and a lofty sense of social responsibility. As soldiers fighting for the communist cause, these writers and artists must have party spirit and strengthen party spirit. Party member writers and artists must serve the interest of the party and people, observe the party's political and organizational discipline, and vigorously propagate communist ideology and socialist spiritual civilization in their cultural activities, words, and deeds. They must uphold the four cardinal principles and fight bourgeois liberalization in their practice. These demands of party spirit must be reflected in the social practice and cultural activities of party member writers and artists.

Strengthening writers' sense of social responsibility is extremely important to party member writers. This is not only a requirement for the party's organizational principle, but also a requirement for building socialist modernization and for the prospering of socialist literature and art. We are now in a new period of socialist construction, and the party is leading all the people of the country in building China into a modern socialist power with a high degree of democracy and civilization along the road guided by Marxism. There are various complicated social contradictions, such as the development of the socialist cause; the building of material and spiritual civilization; the struggle between Marxism, non-Marxism and anti-Marxism; the struggle between proletarian ideas and the pernicious influence of feudalism and decadent bourgeois ideas; the struggle between the people led by the party and obstacles to socialist construction, including malpractices, inside the party. When extolling, criticizing, depicting, or not depicting something, writers and artists must proceed from the people's interest and serve the consolidation and development of the grand cause of the four socialist modernizations. The history of the development of socialist literature and art indicates that a highly developed sense of social responsibility in writers and artists and a strong party spirit in party members are important conditions required for keen observation and correct expression of the course of socialist revolution. [paragraph continues]



Of course, as emotional activities, the creation of literature and art require subjective creativity and writers and artists' unique artistic skills, which should not be ignored, but writers' sense of social responsibility and firm political stand will help achieve instead of hindering genuine artistic expression. Communist Party spirit corresponds with the objective course of social development and calls for giving expression to the objective truth in life and the objective law of the practical socialist development. An important part of Communist Party spirit is the Marxist world outlook. The Marxist world outlook is a sharp weapon for analyzing social life and understanding the objective truth. Communist Party spirit and the Marxist world outlook will help writers and artists attain artistic authenticity from real life.

When stressing strengthening writers' sense of social responsibility, we must not only ask writers to strengthen party spirit in social practice, but most important, must also ask them to upgrade their level in observing and understanding life and to upgrade the ideological and artistic quality of their works. At present, some writers ignore the ideological content of their works. They either create some slipshod works with inferior ideological and artistic quality, or create some works with defects and mistakes in ideological trends. This indicates their weak sense of social responsibility. Some writers adopt an indifferent attitude toward fiery social life in years of reform, but in isolation depict some people's backward, closed, and unworldly life. Some writers like giving vent to narrow individual feelings in their works, but refuse to depict the social practice of the masses. Some writers lack a deep understanding of the party's relevant policies, thus undermining the relationship between nationalities and violating the relevant policies and discipline. Some writers fabricate some vulgar and slipshod stories merely for their economic interests. All these indicate that as builders of spiritual civilization, writers and artists must strengthen their sense of social responsibility and must take their job seriously. The CPC Central Committee has called for upholding the four cardinal principles and for fighting bourgeois liberalization, which is very important to upgrading the political and ideological quality of writers and artists. Under the current new situation, we must view the problem of upgrading the ideological and artistic quality of literary and art works from the high plane of strengthening writers' sense of social responsibility. Only thus can our literature truly serve the people and socialism still better.

#### LIAOWANG LAUDS SIMPLIER ADMINISTRATIVE STRUCTURE

HK060312 Beijing LIAOWANG in Chinese No 8, 23 Feb 87 p 6

[Article by Fang Bai (2397 4101): "Simplifying the Administrative Structure is Inevitable"]

[Text] Not long ago, the State Council abolished the Ministry of Machine-Building Industry and Ministry of Ordnance Industry, and they were reorganized into the State Machine-Building Industry Commission, with the personnel of the original ministries reduced from 3,400 to 1,000. The Letters and Inquirers Reception Bureau under the CPC Central Committee General Office and that under the State Council were merged into one, with their functions remaining unchanged. The fact that the CPC Central Committee and the State Council have adopted these measures to take the lead in streamlining administration will certainly produce great effects throughout the nation.

Overstaffed and overlapping organizations are liable to give rise to bureaucratism and special privileges and to result in such malpractices as having more hands than needed, being sluggish in handling affairs, and demonstrating low work efficiency. All these will fail to meet the demand of our four modernizations and the development of a commodity economy and must undergo reform. [paragraph continues]

Organizational reform meets the needs of the economic structural reform and is a key link in the political structural reform. This is because only with structural reform will it be possible to change the condition of excessive centralization, to define the responsibilities and functions of party organizations, and to implement the separation of the party from the government, so that the organs and personnel may become more efficient and such malpractices as shifting the responsibility onto others and engaging in endless argument may be avoided and work efficiency may be improved.

In accordance with the requirements of the Central Committee and the experiences of some localities, effective measures of streamlining administration are as follows: First, removing such category of organs as "leading groups" and "offices" for certain temporary tasks, which can be accomplished by some standing organs of a similar nature. Second, putting the escalation of organs and the setting up of new organs under strict control, and putting a stop to the unhealthy tendency of expanding organizations and promotions at will. Third, a fixed number of staff and organization and the on-the-job responsibility system should be strictly implemented, as well as all rules and regulations. Fourth, genuinely implementing the separation of party from government and merging departments in party and government organizations at all levels that have similar nature and tasks, with party committees in charge of party affairs. And fifth, the earnest implementation of the retirement system and doing a good job in the replacement of new and old cadres, with no delay allowed under the pretext that "some old cadres should stay on out of the needs of work."

Organizational reform is a complicated systematic project that has a bearing on the general situation of national construction and is closely connected with the personal interests of the cadres and the masses. Therefore, in organizational reform, the most important thing is to earnestly conduct investigation and research, to listen to the suggestions of the masses in breadth, to conduct overall demonstration, and to work hard to prevent mistakes at every step.

#### MEDIA CALLS ON PEOPLE TO EMULATE LEI FENG SPIRIT

HK060335 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0904 GMT 5 Mar 87

["Beijing Mentions Again the Need To Carry Forward the Lei Feng Spirit" -- ZHONGGUO XINWEN SHE headline]

[Text] Today, the "Lei Feng spirit" is reaffirmed by almost all mass media here. Carrying forward this spirit is described as "an important part of the building of a socialist spiritual civilization."

At the core of this "Lei Feng spirit" is the attitude of conscientiously and selflessly serving the people. Today, articles in memory of Lei Feng are published in all Beijing's major newspapers, such as RENMIN RIBAO, GUANGMING RIBAO, JIEFANGJUN BAO, BEIJING RIBAO, and GONGREN RIBAO.

Lei Feng was born into a poor peasant family in Hunan. When he grew up, he joined the Chinese Army and became a squad leader. Stories about "the good things he had done for the people" were circulated with general approval among his comrades-in-arms. He died while on duty. On this day 24 years ago, Mao Zedong wrote "Learn From Comrade Lei Feng." Since then, Chinese leaders Liu Shaoqi, Zhu De, Zhou Enlai, and Deng Xiaoping have written on learning from Lei Feng. Stories about Lei Feng have been widely circulated in the country.

Today, ZHONGGUO QINGHIAN BAO carries an editorial entitled "Carry Forward the Lei Feng Spirit and Aspire to Serve the People" on its front page. The editorial says that in our society, all people are objects of our service and people should serve one another. By holding high the torch of serving the people, we will make our society even more stable and united and interpersonal relations more harmonious.

Some people have noticed that today, in Beijing's streets, there are "Free Service Teams Emulating Lei Feng." These teams provide some free small services for the masses.

GUANGMING ARTICLE CRITICIZES FANG LIZHI

HK021555 Hong Kong AFP in English 1432 GMT 2 Mar 87

[Text] Beijing, March 2 (AFP) — The Chinese astrophysicist Fang Lizhi who was expelled from the Communist Party in January has been strongly criticised in Monday's GUANGMING DAILY, only one day after his reappearance in public.

The newspaper, intended for intellectuals, carried a long article on an argument between Mr Fang and a Beijing deputy mayor, Zhang Baifa, whom he had called a "parasite" taking advantage of overseas trips by Chinese scientists.

In October 1985 Mr Zhang went to the United States to attend a conference on building particle accelerators.

Mr Fang later criticised Mr Zhang's presence saying he and 14 other Chinese officials were taking places that should have gone to scientists.

"If something like this happened in the West, these officials would have lost their jobs," Mr Fang said.

Now some 18 months later, the GUANGMING DAILY wrote that Mr Fang's charges were groundless.

The newspaper said Mr Zhang, who is a director of a group building a particle accelerator in Beijing, was officially invited to the physicists' workshop by a U.S. laboratory.

The Beijing accelerator is being built by a joint Sino-American project and is expected to be completed by the end of 1989, a U.S. source here said.

Mr Fang's criticism were an abuse of the truth, showing he lacked the essential qualities to be a scientist although he still called himself one, the newspaper said.

Mr Fang was expelled from the party for having inspired student demonstrations in December called for freedom and democracy and for advocating "the complete Westernisation" of China. He also lost his post as vice-president of Hefei University.

Mr Fang's first reappearance in public since he was expelled from the party was reported Sunday, after he had attended a meeting of more than 200 physicists here on Saturday.



TA KUNG PAO ANALYZES ACTIONS IN FANG LIZHI CASE

HK050252 Hong Kong TA KUNG PAO in English 5-11 Mar 87 p 2

["The Past Week" column: "Academic Freedom"]

[Text] After the initial shock wave, the criticism of bourgeois liberalization seems to have settled into the normal scheme of things with the surfacing of Professor Fang Lizhi, the first of three Chinese intellectuals stripped of their membership in the CCP [Chinese Communist Party] in the recent political shake-up. Speaking at the annual meeting of the Physics Society in Beijing on the highly specialized subject of cosmology over the weekend, Fang pointed to areas in which Chinese scientists might win a Nobel Prize.

China is known to have its reservations about the coveted global prize, especially in the field of the humanities. But it might be a different matter with respect to the more exacting realm of natural sciences.

The appearance of Professor Fang on the podium of a prestigious research institute is interesting because it marks a conspicuous departure from past practices whereby political and ideological disgrace was an invitation not only to the destruction of a person but also the implication of his friends and kin. The prime of many a brilliant Chinese intellectual has been wasted in the wake of compulsory self-denigration that characterized the incessant political campaigns for the 50s to the 70s.

The news was reassuring in view of Beijing's promise that scientific research and discussions of the techniques of art and literature, etc. will not be affected.

Interesting, too, was the fact that the physicists' meeting addressed by Professor Fang was chaired by none other than his close associate and the ex-president of the Chinese University of Science of Technology in Hefei, Anhui Province, Mr Guan Weiyan. Fang had been the university's vice-president until the antiliberalization crackdown. Following the student demonstration last December, both were removed from office and transferred to new posts in Beijing, Fang as a research fellow with the Beijing Observatory and Guan as secretary general of the Physics Society. It must be due to a much more cautious application of the class struggle concept that both are still division fellows (a title accorded only to scientists of outstanding academic accomplishments) of the Academia Sinica.

In the past week, more was heard about Guan than Fang because of news of the remarkable invention of a superconductor made by two researchers at the Chinese Physics Institute. Guan, who was head of the institute before he assumed office at the Science and Technology University, had all along set a priority on the research of superconductors, and it was through him that mainland researchers made the acquaintance of two Chinese-American physicists who contributed considerably to the invention.

With possibilities of radically accelerating the calculating speed of the best computers in current use and reducing resistance in conventional power lines by as much as 60 percent, the practical implications of the invention are immense.

Fang was dislodged for having undermined the leadership of the CCP and the socialist orientation. Banning political supervision from the campus and disassociating all the university's relations with the central authorities except financial ones were listed in the Chinese media as some of his chief offences.

The removal of Fang, a Chinese trained cosmologist of international repute, has understandably raised concern among outsiders as to the future of the budding academic freedom and freedom of expression in China given the preponderance of the four basic principles.

Although conclusive predictions are never possible, the surfacing of Fang and, to a lesser extent, the publicity given to Quan, certainly bodes well that the authorities in Beijing intend to honour the promised policies guiding the crackdown on bourgeois liberalization.

As for freedom of expression on scientific and academic issues, a recent statement by another leading Chinese scientist provides food for thought. Speaking at a national conference of the All-China Science and Technology Association on 27 February, its president, the renowned Qian Xuesheng, pointed to the insufficiency of free contention and free discussions at present. This is the main cause of the 'slow emergence of new thinking and young talents', Qian declared, and went on to ask: If failures are impermissible in scientific research, how can you score success?

#### SONG JIAN PRAISES SCIENCE, TECHNOLOGY COOPERATION

OWO31247 Beijing XINHUA Domestic Service in Chinese 0748 GMT 3 Mar 87

[Text] Beijing, 3 Mar (XINHUA) -- China has made great progress in promoting scientific and technological cooperation and exchanges with foreign countries in recent years. On this progress, State Councillor and Minister of the State Scientific and Technological Commission Song Jian said: The cooperation and exchanges have enabled us to learn advanced science and technology from foreign countries and their scientific and technological management experience, and have played a great role in promoting economic and social development and scientific and technological progress in our country.

At a meeting of the China Association for Science and Technology on 2 March, Song Jian said: To date, China has established scientific and technological cooperation and exchange relations with 106 countries, signed governmental scientific and technological cooperation agreements with 54 of them, and participated in the activities of 250 international scientific and technological organizations. The China Association for Science and Technology and its 139 societies have joined 106 international nongovernmental scientific and technological organizations, and some 300 outstanding Chinese scientists and technicians have been selected to hold leading posts in international scientific and technological organizations. In recent years, some 41,000 members of Chinese scientific and technological groups participated in international scientific and technological exchanges, and about 50,000 foreign experts visited China as members of scientific and technological groups. Particularly in the last 2 years, around 30,000 Chinese scientists and technicians went abroad each year on investigation or lecture tours, on visits, or to attend international academic meetings.

Song Jian reiterated that science and technology are the common wealth of mankind, and to promote international scientific and technological cooperation and exchanges is an important part of China's policy of opening to the outside world.

He said: China is a big, developing country. Our scientific and technological level is still much lower than that of advanced foreign countries. We need to learn, import, utilize, and assimilate many advanced scientific and technological achievements from foreign countries.

From now on, we should follow a multiple-channel approach in scientific and technological exchanges with foreign countries. While developing governmental scientific and technological cooperation, we should also make great efforts to promote nongovernmental scientific and technological exchanges, because such exchanges, diversified and flexible, can make up for insufficient governmental cooperation. China's science and technology must be geared to global needs.

GU MU LAUDS CHINA TRAVEL SERVICE'S IMPROVED WORK

OW050539 Beijing XINHUA Domestic Service in Chinese 1456 GMT 4 Mar 87

[By Li Rongzu of the Central People's Broadcasting Station and XINHUA reporter Chen Yun]

[Excerpts] Beijing, 4 Mar (XINHUA) -- In light of the relevant characteristics of the tourist trade, the China Travel Service has made down-to-earth efforts to promote spiritual civilization and develop an emulation campaign for better service. During a year of effort, the thinking of its staff and workers has undergone a profound change, resulting in a marked improvement in the quality of service rendered by this organization. The number of letters received over the past year from passengers criticizing its service has been 69 percent less than the preceding year. Today State Councillor Gu Mu praised the China Travel Service, saying that it has taken the correct path and expended its efforts properly.

The main task of the China Travel Service is to serve the requirements of Overseas Chinese compatriots from Hong Kong, Macao, and Taiwan, and foreign nationals of Chinese origin who want to come to the mainland to visit relatives or to sightsee.

During the past few years, the number of passengers handled by this organization has grown each year. To enable the compatriots from abroad to feel the warmth of the motherland, it has, since last May, adopted various ways to give work ethics education and professional training to its staff and workers. A unified system for evaluating the work performance of its tour guides has been put into effect. Now all tour guides are required to wear identification tags when they are on duty. This has resulted in the emergence of a large number of advanced units and individuals whose service is of good quality. [passage omitted]

For the sake of continuing the good-service emulation campaign in a thorough and sustained way, the Chinese Travel Service held a meeting today in the Great Hall of the People to commend 3 travel service agencies, 19 advanced units, and 220 advanced workers.

State Councillor Gu Mu attended the commendation meeting and delivered a speech.

BANK OF CHINA DECENTRALIZES MANAGEMENT POWERS

HK040450 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 25 Feb 87 p 1

[Special to BUSINESS WEEKLY]

[Text] In an effort to cope with increasing competition from other banks and financial institutions, the Bank of China, is taking strategic measures to decentralize relevant management powers to its major branch banks on the mainland.



Recently, president and chairman of the board Wang Deyan said the bank, headquartered in Beijing, has granted six major domestic branch banks more independent administration power over foreign exchange operations.

The president said that on the basis of reforms in the banking sector in the past several years, the six are now allowed to open current accounts with the Bank of China's overseas branches, to deal in forward foreign exchange transactions and to issue bonds abroad.

Until the decision was made, only the bank's head office in Beijing could issue commercial bonds on international capital markets. Now its branches in Shanghai, Tianjin, Guangzhou, Zhujiang, Fuzhou and Dalian can also do so.

An official with the Bank of China head office told BUSINESS WEEKLY on condition that his name not be mentioned that the six branches can directly raise funds on international capital markets for their respective local governments and customers and do not have to approach the head office for approval. However, he said their total borrowing must comply with the state plan and needs approval from the People's Bank of China, the country's central bank.

The official said the branches are also allowed to organize and participate in any syndicated loan as lead manager if they demonstrate to the head office that they are capable and well-prepared.

The official said the two moves result from the reforms in the banking and finance sectors in recent years which allow the establishment of more financial institutions and relax centralized regulations to increase foreign fund raising channels.

The fact that Bank of China no longer monopolizes the country's foreign exchange transaction dealings also contributes to the change, he said.

China's other specialized banks, the Industrial and Commercial Bank, the Agricultural Bank, the People's Construction Bank and the Investment Bank, are also authorized to engage in all types of banking business currently carried out by the Bank of China, thus breaking into the latter's traditional realm. The Bank of Communications, due to resume operations after a suspension of more than 20 years, has also been granted the right to deal in all banking businesses.

"We must pay close attention to what other banks are doing and look for ways to cope with their challenges," the Bank of China official said.

The decision to allow the six branches to open accounts with the bank's overseas branches, the official said, is aimed at strengthening their financial position to ensure better service for their clients. However, their internal lending and borrowing of short-term funds are limited among the Bank of China Group.

Their forward foreign exchange transaction businesses on behalf of the customers, he said, will greatly help the clients avoid risks arising from fluctuations in exchange rates when they conduct imports, exports, investment and borrowing.

The bank president said similar permission will be granted to other branches in the future.

While the six branches have more independent decisionmaking power on foreign exchange operations, the head office will continue to tighten its control over funds to be used in capital construction, Wang said.

He said his bank would raise adequate capital to support state key projects for energy production, communications, iron and steel and chemistry as well as export-oriented industries such as textiles, electronics, machinery and light industry.

#### RENMIN RIBAO URGES EXPANDING EXPORT SYSTEM

HK040457 Beijing RENMIN RIBAO in Chinese 23 Feb 87 p 5

[Article by Chen Jiaqin (7115 1367 0530): "Establish a System for the Production of Export Goods"]

[Text] Actively increasing the export capacity to earn more foreign exchange income is a long-term strategic task for our country's foreign trade. The building of an export production system is of great significance in ensuring the expansion of the capacity of export and earning foreign exchange and in promoting the reform of the foreign trade system.

The export production system is an organic economic entity which serves the purpose of increasing export and foreign exchange earnings, is oriented to international markets, takes various production enterprises at all levels as the main body, and is composed of the links of production, circulation, scientific research, transportation and services. The establishment of the export production system is a necessary step to meet the needs of production internationalization. With the increasing economic, technological, and social development in modern times, the internationalization of the economic life has become an inevitable tendency. International economic and technological exchanges and commodity exchanges have become an important indispensable condition for the development of all countries' economies. Ours is a developing socialist country, and we need to make use of large amounts of foreign funds and introduce technology and equipment from abroad. The shortage of foreign exchange will be a problem remaining for a long time. At present, our country still mainly exports elementary products and manufactured goods through rough processing. If we do not change this structure of the export goods and do not increase the export of high-quality, low-cost, readily marketable, and strongly competitive goods, we will absolutely not be able to expand the capacity of export and foreign exchange earning.

Foreign trade is related to various branches of the national economy, and cannot exist independent of the entire national economy. At the same time, foreign trade is conducted in international markets. In general, the requirements of the international markets for commodities are high quality, rich variety, new designs, good packaging, small quantities, and quick delivery. Due to the backwardness in our economy and technology and the unevenness of productive forces development at home, plus problems in our systems, the quality, variety, designs, minimum quantity for orders, packaging, and delivery time of many of our export goods are still not suited to the changing demands in international markets and to the intensive business competition. So it is necessary to establish export production systems.

To establish a system for the production of export goods, we must reasonably distribute the productive forces, reform the combination of various production factors, strengthen and improve the overall economic management and control system, smooth out the operation of the foreign trade organs, and adapt the operation, planning, and financial systems of foreign trade to the new export production system. [paragraph continues]

The establishment of the export production system will, in turn, effectively promote the structural reform in foreign trade. Through the establishment of an export production system, enterprises engaged in producing exports goods and handling foreign trade will be relatively concentrated, and this will create a necessary condition for making full use of such economic levers as exchange rates, taxation, tariffs, prices, and foreign exchange retention to conduct overall economic control and adjustment. This will also be favorable to changing foreign trade management gradually from the pattern of direct control and management mainly based on administrative means to the pattern of indirect control and management mainly based on economic means. The establishment of an export production system will bring about various forms of horizontal economic combination, which will help coordinate the management of various enterprises and coordinate the economic interests of all parties concerned so that all foreign trade units can take the same position in foreign business negotiations to bargain for good prices and to prevent losses. The establishment of an export production system will help integrate various professional institutions of information, consultation, storage, transportation, processing, packaging, banking, commodity inspection, and insurance which serve the work of export into an entire foreign trade service system on the basis of cooperation. This will more effectively raise the economic results of foreign trade.

In establishing an export production system, we should do the following things on the basis of comprehensive planning and reasonable arrangements: First, we must seriously select good enterprises which will be included in the export production system. These enterprises should have a comparatively high level of technology and management, have good transportation conditions, maintain production costs at a low level, and have good performances in product export or have bright prospects for exporting their products. By including such enterprises in the export production system, we will more effectively develop the key products which we have absolute, comparative, or potential advantages in the international markets and increase our exports, thus raising the position of our country in the international division of labor.

Second, enterprises should be separated from government functions and should conduct independent business accounting and bear sole responsibility for their own profits and losses. That is, they should be economic entities which have rights and benefits corresponding to their responsibilities. Only thus can we overcome the defects of "eating from the same big pot" in the old structure and prompt the enterprises to pay attention to their economic efficiency by lowering production costs. This will greatly improve their management and upgrade the export goods.

Third, proper measures should be taken to link foreign trade with industrial production and technology development and to link import with export. The relationship between trade and industrial and agricultural production is in fact a relationship between marketing. Forming a closer relationship between marketing and production does not mean that the social division of work between production enterprises and commercial enterprises should be negated; instead, the functions of such social division of work should be brought into full play. At present, the main problem in the production-marketing relationship is that foreign trade institutions and production enterprises belong to two separate systems and their operations are not really integrated into an economic entity. Therefore, we should take proper measures to form a closer production-marketing relationship between the industrial and agricultural enterprises and the foreign trade institutions. [paragraph continues]



In light of the characteristics of different commodities, we may adopt such forms as foreign trade institutions and industrial enterprises jointly dealing in some specific goods, foreign trade institutions acting as agents for some products, production enterprises directly handling the export business, enterprises producing similar goods forming an association to deal in their goods, and foreign trade institutions placing orders and purchasing goods from production enterprises. Only when the production sector and the trade sector clearly divide work between themselves and properly cooperate and when their respective economic interests are well coordinated can their initiative be fully aroused to develop export; and only thus can the long-standing problem of foreign trade institutions and production enterprises belonging to two separate systems be solved.

Fourth, supporting and encouraging policies and measures should be adopted. The establishment and improvement of the export production system will be a protracted revolutionary process. This not only has to rely on the self-transformation and self-improvement of the export production enterprises, but also requires the state authorities to adopt a series of supporting and encouraging policies and measures in the aspects of funds, credit, prices, enterprise norms, fixed assets depreciation standards, and raw material supply. Only thus can we effectively guarantee the stable supply of goods for export, continuously improve the quality of our export goods and raise their competitiveness in the international markets, and better adapt them to the needs of the markets.

#### COMPUTERS BEING USED FOR IMPORT-EXPORT LICENCES

OW060820 Beijing XINHUA in English 0813 GMT 6 Mar 87

[Text] Beijing, March 6 (XINHUA) -- China is starting to computerize its issuing of import and export licences throughout the country, today's English language newspaper "CHINA DAILY" reports.

According to Mong Zhuming, an official of the Ministry of Foreign Economic Relations and Trade, China has about 1,100 companies dealing with import and export businesses, which should obtain import licences for 64 kinds of commodities and export licences for 240 kinds of commodities.

The ministry and 42 provincial and municipal commissions of foreign economic relations and trade have the right to issue such licences with the ministry as top authority.

Every year, Mong said, there are about 40,000 licences and 160,000 export licences to be issued. Forms to apply for and approve such licences were formerly filled out by hand, and hence errors occurred very often. "It was not only low in efficiency but also very difficult for statistics," he said.

Since February, the issuing of import and export licences in the ministry has been computerized with good results.

The ministry therefore has decided to popularize computerized management in this field, Mong said. Nationwide, the reform is scheduled to complete this year or early next year.

ECONOMY OPENS-UP TO WORLD ON '3 LEVELS'

HK060253 Hong Kong WEN WEI PO in Chinese 1 Mar 87 p 2

[Dispatch from reporter Kuang Yu (1639 1342): "China Concludes Three Major Conferences, Measures for Opening Up to World Made Still More Explicit"]

[Text] Shantou, 28 Feb -- Last month, the State Council successively held a "National Conference on the Special Economic Zones as well as a conference on the 14 Coastal Cities Opened to the World," and a "Conference on the Chang Jiang Delta, the Zhu Jiang Delta, and Golden Triangle in Southern Fujian. After attending the above conferences, a high-ranking central responsible person emphatically told a reporter of this newspaper in an interview that "China is opening its economy to the world on three levels. They are: 1) The special economic zones; 2) the coastal cities opened to the world and their economic and technological development zones; and 3) the river deltas and the part of the Golden Triangle which is opened to the world. These three different levels have different functions to fulfill. However, they have one thing in common, that is, they should develop an export-oriented economy and play the role of an "outlet" of the country and that of a "diffusion center and try to earn more foreign exchange for the country."

Achievements of Tianjin and Guangzhou Have Been Recognized, Technological Development Will Be Stressed in the Future [subhead]

He said: The purpose of the conference on the open zones in the delta areas, which ended in Foshan a short while ago, was to implement Premier Zhao's principle that "open zones should take the trade-industrial-agricultural road," to sum up achievements, lessons learned, and our experience in opening the country to the world, and to open up a new path for the modernization of the country's agriculture. The combination of these three things was absolutely not a random combination. First, it is necessary to introduce science and technology from foreign countries, to equip agriculture and post-production processing and elaborate and intensive processing of agricultural products with modern technology, and to turn the fruits of research in agricultural science and technology into a driving force. In the course of agricultural modernization, the open zones in the delta areas should play a pioneering role, try to bring about radical breakthroughs in China's traditional approaches to the introduction, production, and sales of new varieties of agricultural products, and try to establish a new, high-grade trade-industrial-agricultural economic structure. At the conference, it was suggested that to pave the way for the introduction of the products of the delta areas to the international market, we should, as far as possible, lift the restrictions on the import of seeds, seedlings, and agricultural technology and facilities for development purposes and allow enterprises to recruit shareholders from among individuals with foreign exchange on condition that the prices offered for their foreign exchange must be higher than the country's first series of regulatory list prices.

At the "Conference on the 14 Coastal Cities Opened to the World," the following three things were done or discussed: 1) Recognition was given to the achievements of the economic development zones over the past few years. The achievements of Tianjin and Guangzhou are the most remarkable. 2) The road taken by the cities opened to the world was accepted as correct. They were praised for gaining experience in handling the relationship between economic development and technological development. [paragraph continues]

The economic development zones' present task is mainly to accumulate strength and funds, to lay a solid foundation for the economic and technological development zones, to "develop their most important advantages by exploiting their less important advantages [yi duan yang chang -- 0110 4252 7402 7022]," and to "finance the development of science and technology with the income derived from the processing industry." 3) After working very hard for 2 years, the coastal cities opened to the world have prepared and developed a piece of land (there are a supply of the 5 necessities and putting an infrastructure and levelling the land. In the future, they should focus efforts on the introduction of things from foreign countries and avoid new undertakings. In "launching projects, seeking economic results, and trying to upgrade themselves," they should, like the special economic zones, develop and rely on their own internal strength.

#### JANUARY 1987 INDUSTRIAL PRODUCTION REPORTED

HK040737 Beijing LIAOWANG in Chinese No 7, 16 Feb 87 p 4

[Article by Ge Daxing (5514 1129 2502): "Roundup on the January Production Situation in China's Industry"]

[Text] The curtain on China's industrial production for 1987 was raised amid the sounds of fireworks and firecrackers on the New Year's Day and the Spring Festival, the two occasions for getting rid of the old to make way for the new. In January the nation's industrial and communications enterprises at and above the township level created an output value of 72.1 billion yuan, an increase of 5.7 percent over the same period last year. Except for the 3-day holiday during the Spring Festival, the average daily industrial output value increased by more than 10 percent. Of the 29 provinces, autonomous regions, and municipalities, with the exception of four regions whose industrial output value dropped and one region whose output value remained the same, the other regions increased production in varying degrees. For example, Jiangsu's industrial output value increased by 14.2 percent in January over the corresponding period last year, Zhejiang Province's by more than 13 percent, and Liaoning's by 4 percent. The output of 68 of the 100 major industrial products showed varying increases over the same period last year.

This seemed a fairly high starting point. Some people cannot help being afraid that after the phenomenon of "overheating" in China's industrial development returned to normal in the first year of the Seventh 5-Year Plan, we will be "hotheaded" again. However, considering that industrial production gradually picked up from a "low valley" last year and that the output value base for this year will gradually increase from 68-odd billion yuan in January to 84-odd billion yuan, we should say that to achieve the planned target of a 7-percent steady growth rate, it is necessary to register a bigger increase at the beginning so as to gain the initiative. According to an estimate by the relevant state department, the momentum of this industrial growth will still be sustained for some time and then gradually drop.

What was particularly gratifying was that a new atmosphere of improvement in manufactured product mix emerged at the beginning of this year and that the pattern of increased industrial production continuously developed in the direction of catering to the needs of the society and the market. Compared with the corresponding period last year, electricity production registered a considerable increase in January. The output of crude oil, gasoline, natural gas, big iron, steel, and other energy and raw material products also increased by wide margins, thus improving the material conditions for economic development. The growth rate of power generating equipment urgently needed in energy construction ranked first among major industrial products. [paragraph continues]



The output of textile, electronic, and other light industrial products, which are readily marketable and are in short supply, generally increased and the market was brisker and livelier. The output of color television sets, cassette recorders, clocks, watches, knitting wool, milk products, household refrigerators, and beer increased considerably. The output of some unmarketable products, however, dropped.

Another striking feature of industrial production in January was that the industrial enterprises had stronger capabilities of adapting themselves to major changes in product demands. This found concentrated expression in the fact that, to meet the country's needs to develop grain production and to increase input in agriculture, the agricultural support industries, which had not grown and flourished for a time, picked up markedly. In January, the output of chemical fertilizer, insecticide, fodder, and large and small tractors increased by more than 20 percent over the same period last year.

On the basis and conditions of last year's steady growth, plus early preparations and the close attention paid to it, our country's industrial production started more smoothly this year than last year. However, with the increasing base in industrial growth, it will also be more difficult to develop production. Some contradictions will probably become more acute, such as the shortage of electricity, capital, and some raw and semifinished materials and the strains on transport. This makes it necessary to push forward the reforms and to tap the potentials by separating ownership from the power of operations and defining the decisionmaking power of enterprises in operations. Moreover, we should extensively and penetratingly launch the movement to increase production, practice economy, increase income, and cut expenses, persist in organizing production with focus on the achievement of better economic results, and strengthen circulation in order to promote the steady development of China's industry at a solid pace.

#### LEADING ECONOMIST ON SOCIALIST COMMODITY ECONOMY

OW051135 Beijing XINHUA in English 1100 GMT 5 Mar 87

[Text] Beijing, March 5 (XINHUA) -- A healthy commodity economy is an essential part in building socialism with Chinese characteristics, Xue Muqiao, China's leading economist, wrote in today's ECONOMIC DAILY newspaper.

A socialist commodity economy is based on predominant public ownership and subject to the state macroeconomic planning, he said, adding this makes a commodity economy in socialist countries like China different from those in capitalist countries.

Success of the present economic reforms in China lies in the adjustment of the now unhealthy pricing mechanism, and the key here is the control of total social demand, Xue said.

Total social demand tends to exceed total production in socialist countries when macroeconomic policies fail, while the opposite situation exists in a capitalist economy, he said.

Demand exceeding production in the socialist economy leads to budget deficits and greater demand for bank loans. Both these problems could result in overissue of currency, thus leading to inflation.

Strict control of total demand, rather than rigid or subsidized price stability, is the correct way to develop the socialist commodity economy and sustain price stability, he stressed in the article.

He said when equilibrium between total production and total demand is achieved, management rights and operational powers of state enterprises can be gradually expanded. This would enable all state, collective and private businesses to compete on basically equal terms.

Such an economic environment will greatly advance operation and management of businesses and raise efficiency, bringing to the national economy dynamic and stable development, he said.

In the article he also said inflation over the last couple of years has been caused by overissue of currency. At the same time, he pointed out, predominant public ownership of enterprises in the socialist economy can tolerate some private businesses, though some have expanded considerably. Taxation can be employed to narrow the gap of individual incomes, he added.

#### COMMENTATOR DISCUSSES UNIFIED PURCHASE SYSTEM

HK060246 Beijing NONGMIN RIBAO in Chinese 24 Feb 87 p 1

[Commentator's article: "Continue To Reform the System of Unified Purchase by State Quotas -- Third Talk on Deepening Rural Reform"]

[Text] The gradual reform of the system of unified purchase of farm produce by state quotas and the establishment and perfection of a market system for farm produce, which is a matter of great concern for the peasants, constitute the key tasks of the second stage of rural reform. To speed the development of a commodity economy in rural areas, we must do well in this aspect of reform.

Following implementation of the system of contracted responsibilities based on households with payment linked to output, the peasants had decisionmaking power and obtained the relatively independent position of commodity producers. The reform of this stage created the essential prerequisite for the development of a rural commodity economy. However, this prerequisite alone is not enough to transform the self-sufficient and semi-self-sufficient rural economy to a large-scale commodity economy. In addition to this prerequisite, we need a perfect market system. As fish cannot leave the water, we cannot develop a commodity economy without a market. Further development of commodity production will be possible only with an extensive market and a perfect market system. We cannot develop commodity production with a narrow market and an imperfect market system. In this case, even when commodity production is developed, it will retrogress in the long run. For this reason, it is necessary to take the second step following the implementation of the system of contracted responsibilities with payment linked to output, namely, gradually reform the mandatory system of purchase by state quotas, develop market exchange, and perfect the market system. Through the reform, we should enable the peasants to have decisionmaking power in production as well as in commodity exchange, gradually establish a new economic mechanism that combines planning with the market, and create a fine market environment for the development of rural commodity production.

We should adopt both vigorous and steady measures in the reform of the system of unified purchase of farm produce by state quotas because it has become an integrated system over the past 30 years. It has the function of distributing both products and interests. Reform of this system will inevitably involve the interests of various aspects. Therefore, we should uphold reform, carefully handle the relations of interests, and avoid the possibility of any social turbulence. Only by doing so can we ensure the smooth development of reform.

In accordance with the characteristics of different farm products and consumption and their bearing on the national economy and people's livelihood, we should adopt various reform methods and measures. Viewed from the current situation and developing trend of the supply and demand of grain in China, it will be impossible to lift the restrictions on the purchase and marketing of grain in the near future. It is necessary to continue to implement the "double track system," which combines contract purchases with market purchase. The main task at present is to perfect the work of contract purchase and then lift the restrictions on the remaining surplus grain. For decades, the state has exercised a monopoly over the purchase and allocation of cotton, hemp, flax, sugar, and other major raw materials for industry. Although this system has many defects, it would be impossible to change it overnight. Under the guidance of state planning, we should encourage factories and processing enterprises to make purchases by themselves or carry out joint operation with the local peasants to gradually reduce the state monopoly over purchase and allocation. Meanwhile, we should lift the restrictions on perishable goods such as meat, poultry, eggs, and vegetables as quickly as possible, link production with marketing, and reduce the unnecessary intermediary links. As these methods and measures conform to reality, we can avoid frictions and setbacks and speed the pace of reform.

As the reform of the system of unified purchase of farm produce by state quotas involves changes in economic interests of various aspects, we are bound to encounter difficulties. However, reform is inevitable in the development of commodity economy. It reflects the new historical changes that have taken place under the conditions of the rural economy. Thus, it is irresistible. We should advance despite difficulties and work out plans in light of actual circumstances and conduct work in a down-to-earth manner with an indomitable spirit of reform.

#### NONCHIN RIBAO VIEWS ENLIVENING RURAL CIRCULATION

HK060303 Beijing NONCHIN RIBAO in Chinese 25 Feb 87 p 1

[Commentator's article: "Support Peasants in Getting Organized To Enter the Circulation Field -- Fourth Talk on Deepening Rural Reform"]

[Text] Over the past few years, along with the development of commodity economy and the expansion of the role of market mechanism, a number of purchase and sales organizations set up by peasants themselves have appeared in the rural areas. Of the organizations, there are agriculture-industry-commerce companies and various service companies set up by cooperative organizations at township or village levels; professional associations or professional cooperatives set up by some specialized households engaged in the same trade; and combined commercial houses set up by individual operators and specialized households engaged in independent transportation and marketing. These purchase and sales organizations are still in their elementary stage, but they are playing an important role in enlivening commodity circulation in the rural areas. Supporting these organizations to grow healthily and helping the organizations to consolidate and upgrade themselves should be an important task in the rural reform.

That peasants get organized to enter the circulation field reflects the objective demand and an inevitable trend of the development of commodity economy in the rural areas. Along with the institution of the contract system of responsibility linked to production and gradual reform of the system of unified purchase and assigned purchase, peasants as independent commodity producers have gradually changed the previous practice of production according to state plan into that of production according to market demands. [paragraph continues]



In order to keep abreast of the market changes from time to time and to readjust production, improve technology, and upgrade the quality of products in accordance with the changes, peasants must break the previous closed situation in which producers were separated from market and must directly enter the market and circulation field. However, it is difficult for scattered and individual peasant households to be informed on market changes. Only if the peasants get organized and enter the circulation field, can they overcome the limitations of being scattered. We are sure that along with the development of rural commodity production and the expansion of market, more purchase and sales organizations that serve peasants will emerge.

That peasants get organized to enter the circulation field is beneficial to developing new types of socialist commerce and to enlivening rural commodity circulation. Despite their different names and methods of operation, peasants' commercial organizations that have emerged in various areas have several common features: They were set up on a basis of voluntary participation and mutual benefit, and are not "official-run"; they have closely combined production, processing, marketing, and sales with "stress" on products, and are not pure commercial organizations divorced from production; and they have arranged lateral circulation according to reasonable economic trends, but do not distribute products level by level according to administrative divisions. Due to these characteristics, as soon as these peasant-run circulation organizations appeared, they achieved good economic results in reducing intermediate links and circulation expenses, showing their great vitality.

That peasants get organized to enter circulation field is also beneficial to the state in macroeconomic regulation. What we are developing is planned commodity economy. To ensure that the rural economic development meets the needs of unified state plans, the state must adopt various economic means and necessary administrative means to guide the progress of the rural economy. It is a very difficult job under the scattered conditions in the rural areas. That peasants get organized in circulation field can provide convenience to the state in conducting macroeconomic regulation.

While we stress supporting peasants in getting organized to enter the circulation field, it does not mean we do not need state-run commerce and supply and marketing cooperatives. These organizations, which assume the main task in rural commodity circulation, must speed up structural reform and serve the development of rural commodity economy still better. In particular, supply and marketing cooperatives must turn themselves into peasant-run cooperative commercial organizations as soon as possible according to the principle of cooperatives. They must perfect the commodity production service system and become an important support for peasants in getting organized to enter the circulation field.

The various existing regional blockades have a serious adverse affect on peasants getting organized to enter circulation field and on enlivening the rural economy. This problem must be solved as quickly as possible. Developing lateral circulation between areas is beneficial to those areas in compensating for each other's shortages, in bringing into play their strong points, and in making joint development. If contradictions arise regarding the interests in commodity circulation between different areas, the parties concerned must negotiate with each other and promptly solve the contradictions. They should not blockade each other and obstruct circulation artificially.

LIAOWANG COMMENTS ON GRAIN PRODUCTION SITUATION

TK060645 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 9, 2 Mar 87 pp 5-6

[Article by LIAOWANG reporter: "There Are Both Joys and Worries in China's Grain Production This Year"]

[Text] In 1986, China reaped good harvests of grain crops. The total grain output reached 390 billion kilograms. Although it was still 15 billion kilograms lower than the all-time high (in 1984), the grain output increased by 10 billion kilograms over that in 1985. Grain prices fall when grain output increases thus harming the interests of the peasants. This is the usual pattern of events. However, things this year are quite different. According to reports from the parties concerned, the grain price has risen in varying degrees on rural markets in different localities. The prices of rice, corn, and wheat has risen respectively by nearly one-third. According to expert analysis, grain prices rose by a big margin, which accounted for 53 percent of the price rise in the whole year after the 1986 autumn harvests, rather than falling as usual. This has happened for the first time in the past 10-odd years.

Reasons for the Rise in Grain Price [subhead]

In a previous period, some foreign newspapers and journals said that China's grain production would decrease in 1986, and this did not tally with facts. Not long ago, this reporter made an investigation in Hunan, Hubei, and Jiangxi, which are three major grain producing provinces, and found that peasant households in both plain and hilly areas generally stored a lot of grain.

According to the department concerned in Jingzhou Prefecture, Hubei Province, if grain prices rise further, the prefecture can buy another 100 kilograms of grain from the peasants. According to the report submitted by the Hubei Provincial government and the provincial agricultural department, the province's grain output was 22.75 billion kilograms, or 600 million kilograms more than the year before. However, according to the sample survey of the statistical department, the actual grain output may reach 23 billion kilograms. It has rarely been seen before that the statistical department figure exceeds that of the agricultural department. Similar things exist in Hunan and Jiangxi. Some cadres frankly told this reporter that by reporting a smaller output figure to the authorities, peasants can have more grain to sell at a negotiated price or to develop animal husbandry and the food processing industry so as to increase their incomes.

Since the grain output figure reported to the authorities was not exaggerated, why was grain still in short supply on the markets and why did grain prices continue to rise? According to the investigation, reasons may be found in the following facts:

First, demand for grain in other industries has increased. In the three provinces, "difficulties in selling grain" emerged 2 years ago. So local authorities at various levels emphasized the need to develop local food and fodder processing industries, and this measure has now achieved results. In Jiangxi Province, with the development of the food and animal feed processing industries, grain used as raw material for these industries increased by 450 million kilograms over 1984; and grain used as raw material for other industries also increased from 100 kilograms to 300 kilograms. So demand for grain in these two aspects increased by 650 kilograms over 1984; and grain used as raw material for other industries also increased from 100 kilograms to 300 kilograms. So demand for grain in these two aspects increased by 650 kilograms. In 1986, Hunan Province raised 1.99 million pigs more than in 1985, and this consumed over 100 million kilograms more feed grain than in the previous year. [paragraph continues]

In the Hubei countryside, because of good harvests for many years running, restrictions on using grain have all been lifted. Apart from making rice-flour noodles, bean curd, and maltose, peasants also used grain to brew rice wine. According to the estimates in Puqu County, each peasant household used an average of 50 kilograms of grain to brew wine.

Second, the grain circulation channels have been cleared. In the past, localities took a series of restrictive measures to prevent grain from being transported to other areas. Peasants were not allowed to sell their grain to other areas, and people from other areas were not allowed to buy grain in these areas. So after the autumn harvest, peasants could only sell their surplus grain at a low price in their own areas, and grain prices there kept falling. Now, the markets have been opened. In the harvest season, people come in large numbers from provinces where grain is in short supply to the grain producing areas to buy large quantities of grain. So in the grain producing areas, grain prices may still rise when good harvests are reaped.

Third, some unreasonable factors exist in grain purchases. Between 1984 and 1985, there were some "difficulties" in selling grain all over the country, and grain prices fell to the bottom on fair markets in the countryside. At that time, the governments should have appropriately increased their grain purchases so as to check the falling grain prices. However, the government took a number of measures to sell tens of billions of kilograms of grain on the markets, and this furthered the fall in grain prices. After the 1986 autumn harvests, grain prices rose on fair markets, and the governments at various levels also joined the peasants in increasing grain purchases from the market. By the end of last November, the state purchase of grain at negotiated prices from the markets increased by 66 percent as compared with the same period of the previous year.

#### COMMENTATOR URGES INCREASED INPUT IN AGRICULTURE

HK270947 Beijing NONGMIN RIBAO in Chinese 14 Feb 87 p 1

[Commentator's article: "A New Method of Encouraging the Peasants To Increase Input in Agriculture"]

[Text] The question of how to encourage the peasants to increase input in agriculture, particularly in grain production, so as to strengthen the material basis of agriculture has become a matter of great concern to the agricultural leading departments at all levels. Meanwhile, all localities are exploring feasible ways. Rural Shanxi has made a useful attempt by creating the method of contract responsibility linked to input.

Agriculture is the foundation of the national economy. Agriculture especially an increase or a reduction in grain production, has a decisive influence on the reform as a whole and on the development of construction. During the Sixth 5-Year Plan, China's agriculture developed rapidly chiefly because the party aroused the production initiative of the peasants in their hundreds of millions through a series of rural economic policies. In future, to maintain the stable development of agriculture and to ensure that the general objective of producing 490 billion kg of grain by the end of this century can be achieved, further efforts will still be needed to give scope to man's initiative. However, the productive forces can develop only when man's initiative is integrated with certain material conditions. If we neglect input in agriculture and the improvement of agricultural production conditions, the development of agriculture will have lost some of its material basis. [paragraph continues]



What merits our attention is that in recent years, for various reasons, grain production has not been efficient and the peasants' enthusiasm for input has been affected to some extent. This has directly affected the development of grain production.

Increasing input in agriculture depends on the initiative of the state, localities, collectives, and peasants. None of them is dispensable. However, given our relatively poor foundation, the numerous things that need to be done, and our limited financial and material power, we can only do what we are capable of. We cannot spend a lot of money on agriculture at one time. For this reason, we still chiefly rely on the peasant masses to increase input in agriculture. Rural savings deposits amount to tens of billions of yuan; the peasants also have a large sum of money lying idle. Provided that we have correct policies and appropriate methods, we shall have a solid foundation to encourage the peasants to increase input. In the rural areas of Shanxi Province, the input of the masses has been put into a concrete form by listing it in contracts. This has raised agricultural production to a new stage, providing it with an important material guarantee. The practice of listing input in contracts also increases the economic contacts between the collectives and the peasant households, expands the contact from output to input, and forms a double-layer economic link. This is also conducive to the further improvement of the rural cooperative economy.

The method of contract responsibility linked to input which has been created by Shanxi's peasants, once again demonstrates that the peasant masses under the leadership of the CPC are wise and talented and that their creative power in reform and construction is inexhaustible. It also once again shows that so long as we firmly believe in and rely on the masses and consult with them on various matters, it will not be difficult to find an answer to any problem in the reform practice of the masses.

#### GRASSLAND ADDED TO DEVELOP ANIMAL HUSBANDRY

OW281140 Beijing XINHUA in English 1131 GMT 28 Feb 87

[Text] Beijing, February 28 (XINHUA) -- China has been adding some 1.67 million hectares of grassland in each of the last three years in a bid to develop the country's animal husbandry.

The country spent a total of 150 million yuan (about 40.5 million U.S. dollars) on the development of new pastureland last year. Some 2.5 million hectares of land have been seeded for the purpose.

There are 12 grass seed stations in the country which can produce 30,000 tons of seeds a year, enough to meet the domestic demand.

Experts say China has a total of 400 million hectares of actual and potential grassland suitable for the development of animal husbandry.

ANHUI UNIVERSITY INVESTIGATES STUDENTS' IDEOLOGY

OW010239 Hefei Anhui Provincial Service in Mandarin 1200 GMT 26 Feb 87

[Text] Wuhu United University has taken various measures to improve and enhance its ideological-political work with students. At the start of the new semester, the university first relayed to students the guidelines of a series of documents issued by the CPC Central Committee on opposing bourgeois liberalization, and launched positive education in upholding the four cardinal principles and opposing bourgeois liberalization among students. The university leaders, together with the students, also examined campus upheavals at a number of universities at the end of last year.

Meanwhile, the university has carried out extensive legal education and reaffirmed school regulations and discipline to help students become more aware of observing laws and to encourage them to become promoters of stability and unity.

A student work leading group was formed to promote ideological-political work. The group, headed by the university's principal leaders, was specially tasked to handle students' ideology. At the beginning of the new semester, the group members went to classrooms and dormitories for an exhaustive investigation of students' ideology. They tackled students' common ideological problems with marked results.

Besides, ten teachers good at political-ideological work were designated as classroom political instructors. They kept in close contact with the students and discussed with them political and academic study and issues of daily life.

NEW FUJIAN CPC SECRETARY OF XIAMEN CITY NAMED

HK021319 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1250 GMT 2 Mar 87

["Wang Jianshuang Is Appointed To Be the CPC Secretary of Xiamen City" -- ZHONGGUO XINWEN SHE Headline]

[Text] Xiamen, 2 Mar (ZHONGGUO XINWEN SHE) -- It is learned from the Fourth Plenary (enlarged) Session of the Sixth CPC Committee of Xiamen City which concluded this afternoon that Wang Jianshuang has been appointed to be the CPC secretary of Xiamen City.

In order to let the former CPC Secretary of Xiamen City and concurrent Mayor of Xiamen City Zou Erjun concentrate his energy on grasping well the work of the city government and doing well the economic construction of the special economic zone, the CPC Committee of Fujian Province has recently approved Zou Erjun's request to appoint him to be the deputy CPC secretary of Xiamen City with his mayorship unchanged.

Formerly the head of the Department of Light Industry of Fujian Province, Wang Jianshuang has already taken the post and attended the conference. A native of Tongan County of Fujian Province, he is 50 years old this year.

JIANGSU GOVERNOR GU XIULIAN OUTLINES 1987 WORK

OW281421 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 26 Feb 87

[Text] According the XINHUA RIBAO, Comrade Gu Xiulian, deputy secretary of the provincial party committee and governor, briefed nonparty personages on the current situation and economic tasks on the morning of 26 February.

Present at the meeting were nonparty deputies to the NPC, nonparty members of the CPPCC National Committee, the Standing Committee of the provincial People's Congress, and the Standing Committee of the provincial CPPCC Committee from Nanjing; and provincial responsible persons of the various democratic parties, the Federation of Industry and Commerce, and other relevant mass organizations, 110 in all.

Comrade Gu Xiulian said: This year we should concentrate on two major undertakings. The first is to persistently oppose bourgeois liberalization in the ideological and political field; the second is to curb excessive expansion in the economic field and launch a drive to increase production, practice economy, increase revenue, and trim spending so that the national economy will be built on the basis of long-term stability and development. To maintain momentum in economic development, we must strengthen the agricultural base, further invigorate large and medium-sized enterprises, and readjust the product mix. It is necessary to continue efforts to vigorously control the scale of investment and readjust the investment pattern. We must readjust the structure of financial revenue and expenditure and curb excessive spending. On the one hand, we should note the favorable conditions in economic work and create a new situation with confidence; on the other, we should also have a sober understanding of economic problems.

Comrade Gu Xiulian also said: In economic work this year, we should promote the social practices of hard work, thrift, making more contributions, and abiding by discipline in all trades. Efforts should be made to launch an extensive drive to increase production, practice economy, increase revenue, and trim spending. We should continue to deepen reform, with the focus on enhancing the agricultural base and invigorating enterprises, especially large and medium-sized enterprises. At the same time, we should further straighten out the relations between major sectors of the economy.

In conclusion, Comrade Gu Xiulian urged experts and scholars, and other nonparty friends present at the meeting to offer suggestions and ideas for the drive to increase production, practice economy, increase revenue, trim spending, and contribute to Jiangsu's economic development.

JIANGSU STUDENTS, DEPUTIES VIEW LEGAL EDUCATION

OWO20055 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 27 Feb 87

[Text] On the morning of 27 February some deputies of the NPC and the Jiangsu Provincial People's Congress in Nanjing held a discussion with some teachers and students of four colleges. During the discussion, the teachers and students reported to the deputies on their study of the NPC Standing Committee's decision on strengthening education in the legal system and maintaining law and order, as well as on legal knowledge education in their schools. Wang Bingshi, vice chairman of the Jiangsu Provincial People's Congress Standing Committee, attended and addressed the discussion meeting.



Some teachers and students of Nanjing University, the Nanjing Polytechnical College, the Nanjing College of Aeronautical Engineering, and the Nanjing Medical College reported to the deputies on their achievements and experience in last year's legal knowledge education and on their plans this year. According to these comrades, great achievements were made in learning, understanding, and applying legal knowledge. They cited many vivid examples. For instance, the legal knowledge education carried out by the Nanjing College of Aeronautical Engineering has given the students a sense of law and discipline, and this was one of the reasons that they did not participate in any demonstrations last winter when some other college students were creating disturbance. The students of the Nanjing College of Aeronautical Engineering know that demonstrations disturb public order and violate the regulations governing the punishment of offenders of public order.

The People's Congress deputies urged the leaders of colleges and other organizations at all levels to hold constant, direct dialogues with the broad masses. They were sure that the masses would be happy to hold dialogues because it displays the spirit of the PRC Constitution.

#### NANJING MILITARY REGION HOLDS PLENARY SESSION

OW271233 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 26 Feb 87

[Text] The ninth enlarged plenary session of the seventh CPC Committee of the Nanjing Military Region ended 23 February. It stressed that the military region should concentrate on two major tasks: First, it must do a good job in education through positive examples in upholding the four cardinal principles and opposing bourgeois liberalization; second, it must implement the guidelines of the enlarged meeting of the Military Commission and vigorously strengthen grass-roots construction.

Fu Kuiqing, deputy secretary of the party committee, spoke on the current tasks of the Military Region. He pointed out: In carrying out education on the four cardinal principles in the military, we must pay attention the focal points and strictly implement the policies. We should focus our attention on the erroneous ideological trend that attempts to break away from CPC leadership and negate the socialist road. We must firmly grasp two cornerstones: persisting in the four cardinal principles and opposing bourgeois liberalization on the one hand; and sticking to the policy of reform, opening up, and invigoration and comprehensively understanding and implementing the line, policies, and principles pursued since the 3d Plenary Session of the 11th CPC Central Committee on the other. Comrade Fu Kuiqing also gave new requirements for earnestly implementing the guidelines of the enlarged meeting of the Military Commission.

Comrade Xiang Shouzhi, secretary of the party committee, spoke at conclusion of the meeting. He stressed: In the current struggle against bourgeois liberalization, all levels should earnestly study the important instructions made by Chairman Deng of the Military Commission on building up the party and make constant efforts to strengthen the party committees. Party committees must acquire a stronger sense of adhering to principles and enhance their militancy. They should take a firm, clear-cut stand on cardinal questions of right and wrong; dare to resist and criticize assorted erroneous ideas and concepts; and dare to sternly deal with violations of law and discipline and other unhealthy deviations.

It goes without saying that we should pay attention to the methods or measures that have been taken and avoid resorting to oversimplified and crude measures. We must uphold democratic centralism. Party committees must fully exercise democracy within their organizations. They must carry out discussions and make decisions in accordance with party principles.

Party members must persistently implement and uphold the decisions made by the party committees after discussions. No one is allowed to violate them, much less change them without authorization. Party committees must pay attention to these guidelines in order to bring about a political situation in which we have both centralism and democracy, as well as both unity of will and personal ease of mind and liveliness. We must work hard to raise leading party cadres' understanding of Marxism; strengthen democratic life of party committees; practice criticism and self-criticism in an active and sound manner; conduct calm, frank, and sincere heart-to-heart talks; and truly make such democratic styles as equality, civility, and a gentle and mild manner good practices of the party.

Entrusted by the party committee of the Military Region, Comrade Shi Yuxiao, member of the Standing Committee of the party committee, made a speech on implementing policies and redressing unjust, false, and wrong cases.

#### WU GUANZHENG PRESENTS JIANGXI ECONOMIC WORK

OW280355 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 26 Feb 87

[Text] According to our reporter Hu Peiming, a plenary meeting of the 22d session of the 6th provincial People's Congress Standing Committee was held this afternoon. The meeting heard a report by Governor Wu Guanzheng on the development of the movement to increase production, practice economy, boost revenue, and cut expenditure in accordance with the guidelines set at the national economic work conference; an explanation by (Sun Zhe), vice chairman of the Financial and Economic Committee of the provincial People's Congress, on the examination of the draft Statute for Protection of Wildlife in Jiangxi Province; a report by (Zhang Zhengang), secretary-general of the provincial People's Congress Standing Committee, on the handling of the motions, proposals, criticisms, and opinions put forward by the deputies to the fourth session of the sixth provincial People's Congress; and a report by (Zheng Xing), vice chairman of the provincial Family Planning Commission, on the family planning work in the province.

Today's meeting was presided over by Wang Zemin, vice chairman of the provincial People's Congress Standing Committee. Chairman Wang Shufeng and Vice Chairmen Zheng Xiaoxian, Liang Kaixuan, Huang Xiandu, Peng Shengxi, and Liu Bin attended the meeting. (Li Ying), president of the provincial Higher People's Court, and Wang Shuheng, chief procurator of the provincial People's Procuratorate, were present at the meeting as observers.

Reporting on the development of the movement to increase production, practice economy, boost revenue, and cut expenditure in the province in accordance with the guidelines set at the national economic work conference, Governor Wu Guanzheng said: Following the conclusion of the national economic work conference, the provincial government held several related meetings, at which a unified thinking and understanding was achieved and principled measures to be taken were mapped out. Work in this regard is now being carried out earnestly.

Wu Guanzheng continued: The analysis of the current economic situation made by the central authorities, and their important measures to oppose bourgeois liberalization in the political and ideological fields and to cut spending in the economic realm are absolutely correct and timely and are suited to the actual situation of the whole country, including our province. We should firmly support and earnestly implement these measures. In implementing these measures, we should have a firm attitude, take steady steps, adopt reliable measures, and compress over-expanded consumerism. On the other hand, we should guarantee normal development speed while trying to raise economic results.

As for the growth rate targets for industrial and agricultural production and financial revenue set for this year by the provincial planning meeting, we must strive to meet them and see to it that after revenue has been turned over to the state as required, we will have enough financial resources to make it up. It is imperative to cut excessive spending and over-expanded demands while ensuring the progress of key construction projects, increasing our reserve strength, and invigorating enterprises. That is, we must curb something on the one hand and invigorate something on the other.

Wu Guanzheng said: At present, it is the most urgent major task on the economic front to promote the practice of plain living and hard struggle and of building up the country through diligence and thrift, and to develop a wide-scale movement to increase production, practice economy, boost revenue, and cut expenditure. To this end, the provincial government has decided to take the following measures:

1. We should carry out intensive reform to beef up our reserve strength for developing agriculture, make strenuous efforts to increase grain production, and boldly promote diversified operations and village and town enterprises according to the specific conditions of various localities. Every effort should be made to ensure that big strides will be made in rural economic development so as to achieve the goals of increased grain output, better income for peasants, and greater reserve strength.
2. We should invigorate the enterprises to have them produce more products required by the market. The most fundamental task for the movement to increase production, practice economy, boost revenue, and cut expenditure is to intensively reform the enterprises and do a good job in implementing the operations contract system. This year's primary task of invigorating the enterprises consists of strengthening their internal reform, tapping their latent productive potentials, developing lateral economic cooperation, and giving them genuine autonomy in their operations. The central task of increasing production and practicing economy is to raise economic benefits, and the key to raising economic benefits is to make continued efforts to adjust the production structure and turn out more marketable products.
3. We should enliven the circulation of commodities to stimulate production and do everything possible to increase the sales of commodities.
4. Resolute efforts should be made to curb excessive expenditures not related to production and to correct such unhealthy practices as going in for ostentation and extravagance.
5. Firm and effective measures should be adopted to curb the scale of fixed asset investment. Nonproductive projects such as construction of luxurious buildings, halls, hostels, and public gathering places should be cut resolutely and relentlessly. All such projects that have not started should be canceled. For those projects that are really required because of special needs, reports on their needs and applications for approval should be resubmitted. As for those projects that have already started, it is necessary to reduce the scale of construction and lower the standards of the material and work requirements. In the meantime, every effort should be made to ensure that the state and provincial key projects are completed and put into operation as scheduled.
6. We should rely on the masses and mobilize them to solidly launch the campaign to increase production, practice economy, boost revenue, and cut expenditure.



We should make use of every opportunity and carry out large-scale and in-depth propaganda to spread the important significance of increasing production, practicing economy, boosting revenue, and cutting expenditure, thus creating a strong public opinion that honors those who do increase production and practice economy and condemns those who are wasteful.

7. We should establish a target accomplishment responsibility system, making units and individuals responsible for work delegated to them. Job performance will become an important basis for evaluating a cadre. We should reward those who perform well and punish those who perform poorly. We are now proceeding with the above system.

We should also link increasing production, practicing economy, boosting revenue, and cutting expenditure with the target accomplishment responsibility system. Departments under the provincial government should treat the campaign as an important part of the target accomplishment responsibility system and include it in their agenda. Leading organs should play an exemplary role and take the lead in improving work style in organs; and in carrying forward the spirit of plain living and hard struggle.

Wu Guanzheng said: We are stepping up efforts to streamline our branch offices in other provinces, making them play their proper role and putting a stop to waste there. We are also prepared to devote time to smooth out relations among government departments and raise work efficiency.

(Sun Zhe), vice chairman of the financial and economic committee of the provincial People's Congress, spoke on the examination of the draft Statute for Protection of Wildlife in Jiangxi Province. (Zhang Zhengang), secretary-general of the provincial People's Congress Standing Committee, reported on the handling of the motions, proposals, criticisms, and opinions put forward by the deputies to the fourth session of the sixth Provincial People's Congress. (Zhang Zhengang) said: A total of 133 motions were put forward by deputies during the fourth session of the sixth provincial People's Congress. The presidium of the congress decided that 5 of them should be classified as motions and the remaining 128 as proposals. Deputies also put forward a total of 540 proposals, criticisms, and opinions relating to provincial work which were turned over to the provincial people's government, the provincial People's Procuratorate, and the office of the provincial People's Congress Standing Committee for handling. The motions above that were submitted by deputies were turned over to the financial and economic committee of the provincial People's Congress and the provincial education, science, culture, and public health committee for action.

After completion of examination, the two committees wrote reports to the provincial People's Congress Standing Committee. The office of the provincial People's Congress Standing Committee reported to the deputies about the examination of their motions. Proposals, criticisms, and opinions put forward by the deputies were all finished processing before the end of 1986. The office of the provincial People's Congress Standing Committee also reported to the deputies on the examination of their proposals, criticisms, and opinions.

#### JIANGXI GOVERNOR ATTENDS PEOPLE'S CONGRESS

OW020559 Nanchang Jiangxi Service in Mandarin 1100 GMT 28 Feb 87

[Text] The 22d session of the 6th provincial People's Congress Standing Committee closed in Nanchang today. It was decided that the sixth session of the sixth provincial People's Congress shall open in Nanchang on 23 April this year.

The meeting also called on the people throughout the province to earnestly study and implement the decision of the NPC Standing Committee on strengthening education in the legal system and safeguarding stability and unity.

Zheng Xiaoxian, vice chairman of the provincial People's Congress Standing Committee, presided over today's meeting. Attending the meeting were Wang Shufeng, chairman of the provincial People's Congress Standing Committee; and Wang Zemin, Liang Kaixuan, Huang Xiandu, Peng Shengxi and Liu Bin, vice chairmen of the Standing Committee. Attending the meeting as observers were Wu Guanzheng, governor; (Li Ying), president of the provincial Supreme People's Court; and Wang Shuheng, chief procurator of the provincial People's Procuratorate. Today's plenary session also adopted the draft of the Jiangxi Provincial Regulations on Protecting Wild Life Resources, and approved related personnel appointments and dismissals.

Toward the end of the meeting, Chairman Wang Shufeng spoke, saying: The Decision of the NPC Standing Committee on strengthening education in the legal system and safeguarding stability and unity reflects the common will and desire of the people throughout the country. It is an important teaching material for conducting legal education centered on the Constitution, as well as a powerful legal and ideological weapon in upholding the four cardinal principles and opposing bourgeois liberalization. This important document is vital to consolidating and developing the excellent situation, and to ensuring prolonged peace and order in our country. In order to effectively study and implement this decision, Wang Shufeng urged everyone to master the key point, that is, to uphold the four cardinal principles and acquire a better understanding of the Constitution. Meanwhile, we should follow the principle of doing things according to the law and correctly implement the CPC's policies, so that people in our province will make it a habit to observe and safeguard the Constitution and to struggle against practices that violate and undermine the Constitution. This will ensure the observance and implementation of the Constitution in our province. Political stability and unity will be safeguarded, and there will be much hope for building socialism with Chinese characteristics and invigorating and building Jiangxi.

#### SHANDONG MEETS TO ARRANGE 1987 ECONOMIC WORK

SK050427 Jinan DAZHONG RIBAO in Chinese 21 Feb 87 p 1

[Text] The provincial government held a meeting of mayors and commissioners in Jinan from 18 to 20 February to make an overall arrangement for this year's economic work and to focus on studying the campaign of increasing production, practicing economy, increasing revenue, and reducing expenditures. The meeting called on all people of the province to adhere to the four cardinal principles, oppose bourgeois liberalism, extensively promote the launching of the campaign of increasing production, practicing economy, increasing revenue, and reducing expenditures; form a fine social practice of building up the country through hard work, diligence, and frugality, making more contributions, and strictly enforcing discipline; ensure the fulfillment and overfulfillment of all tasks for this year; and to lay a good foundation for implementing the Seventh 5-Year Plan.

Attending the meeting were mayors and commissioners of cities and prefectures; directors of city and prefectural planning commissions, economic commissions, and financial bureaus; responsible comrades of the enterprises run by the central authorities in Shandong; and responsible comrades of relevant provincial-level departments. Leading comrades of the provincial government attended the meeting. Participating comrades conscientiously studied relevant instructions of the CPC Central Committee and the State Council, reviewed the work of 1986, upgraded their understanding, clearly defined the situation and tasks, and enhanced their confidence in work. Governor Li Changan and Vice Governor Ma Shizhong made speeches at the meeting.

The meeting pointed out that the major tasks for this year's economic work are to deepen reform, enliven enterprises, increase reserve strength for agriculture, and extensively launch the campaign of increasing production, practicing economy, increasing revenue and reducing expenditures in order to ensure the sustained, steady, and healthy development of the national economy. In order to realize the aforementioned tasks, the meeting called for efforts to concentratively grasp the following few tasks.

First, vigorously strengthen agriculture. Leaders at all levels should always grasp grain production. Financial departments at all levels should cease increasing investment in agriculture. At present, we should grasp spring farming with the focus on wheat field management in order to ensure a bumper summer harvest. Simultaneously, we must grasp spring sowing and drought-combat and flood-prevention work. All trades and professions should vigorously support agriculture. The measures for supporting agriculture defined by the state and province this year must conscientiously be implemented and be put into practice on a guarantee basis. While grasping the cropping industry, we should focus on grasping animal husbandry and town and township enterprises in order to ensure that a great development be made in animal husbandry and that the development of town and township enterprises be promoted to a new level.

Second, launch the campaign of increasing production, practicing economy, increasing revenue, and reducing expenditures. The main point of increasing production and practicing economy is to raise economic results. Efforts must be made to strengthen management and lateral economic cooperation. In line with the requirements for developing socialist commodity economy, we should make rational readjustment of the industrial structure and product mix, and make efforts to increase the production of readily marketable products and export products with capacity to create foreign exchange. We should vigorously reduce production cost, upgrade quality of products, reduce consumption of materials and goods, accelerate capital circulation, and upgrade labor productivity. Simultaneously, we should make efforts to reduce expenditures, oppose waste and extravagance, widely open up financial resources, and make efforts to realize balance between revenue and expenditures. All cities, prefectures, and departments should define specific targets, priorities, and measures for increasing production, practicing economy, increasing revenue, and reducing expenditures, and should fix targets for grass-roots and lower levels.

Third, deepen reform, enliven enterprises, and promote a ceaseless development of industrial production. In line with the regulations of the State Council on deepening enterprises' reform work to enhance their vitality, we should boldly make explorations, enthusiastically carry out the work on a trial basis, continue summing up experiences, and implement requirements and measures for deepening the reform work. Special attention must be paid to delegating the decisionmaking power to the enterprises and to protecting their legal rights. Enterprises must be guided to concentrate efforts on improving inherent operation mechanism and tapping their potential. Banking, supply, and circulation departments should also deepen their reform work, pioneer and enliven the money market and markets for means of production, further enliven channels for commodity circulation, and enthusiastically serve the development of industrial and agricultural production.

Fourth, concentrate efforts on ensuring the construction of key projects. We must make up our minds to control the scale of investment in fixed assets and to readjust the investment structure. We must rearrange the construction projects in order to ensure the stopping of construction projects that should be stopped and the building of those that should be built.



Fifth, persistently open to the outside world and expand foreign export trade and economic and technological exchange. This year, we must steadily make new strides with initiative in absorbing foreign capital and bringing in technologies. We should make full use of the chances that are conducive to us to enthusiastically conduct export commodity restructuring and make the most of the province's advantages to expand the capacity of creating foreign exchange through exports. Industrial, agricultural, commercial, trade, and transportation links should make concerted efforts to ensure the fulfillment of this year's foreign export trade plan and to strive.

#### SHANDONG CELEBRATES LAIWU CAMPAIGN ANNIVERSARY

SK240605 Jinan Shandong Provincial Service in Mandarin 2300 GMT 23 Feb 87

[Excerpts] On 23 February, the people of Laiwu City, who have acquired a glorious tradition, ceremoniously held commemorative activities to mark the 40th anniversary of the victory of the Laiwu Campaign. [passage omitted]

To mark the 40th anniversary of the victory of the Laiwu Campaign, Peng Chong, Wang Renzhong, and Ye Fei, vice chairmen of the NPC Standing Committee; Zhang Aiping, national defense minister; Liang Buting, secretary of the provincial party committee; and Chi Haotian, political commissar of the Jinan Military Region; sent written inscriptions to the anniversary celebration.

At the commemorative meeting on the morning of 23 February, Jiang Chunyun, deputy secretary of the provincial party committee, delivered a speech in which he highly appraised the historical role of the Laiwu Campaign and the great achievements scored by the elderly revolutionaries, the PLA commanders and fighters, and the masses. He stated: "Under the correct CPC leadership, the people and soldiers throughout the province won a great victory in the liberation war and socialist revolution and construction. At present, in building the socialist modernization, the CPC leadership also urges us to carry forward the glorious tradition fostered during wartime with regard to uniting as one the Army and civilians and waging arduous struggle.

After the commemorative meeting, the leading comrades including Jiang Chunyun, Lin Ping, Zhao Lin, and Wang Zhongying who were accompanied by the veteran comrades who had taken part in the Laiwu Campaign came to the martyr's cemetery to place wreaths in front of the monument of the people's heroes.

On the same day, Laiwu City also held exhibitions on the historical deeds of the Laiwu Campaign, the commemorative calligraphy and paintings of the campaign, and on the current construction results of the city.

#### RUI XINGWEN ATTENDS SHANGHAI SECURITY MEETING

OW040831 Shanghai City Service in Mandarin 0100 GMT 4 Mar 87

[Text] According to our reporter Chen Jieshang, the Shanghai Municipal Bureau of State Security held a meeting yesterday afternoon to present awards to those who had performed meritorious deeds. Leading comrades of municipal party and government organizations, including Rui Xingwen, Jiang Zemin, Wu Bangguo, Zeng Qinghong, Shi Zhusan, Wang Liping, and Gao Xuesong, attended the meeting and expressed their appreciation and esteem for the unknown heroes working on the state security front.

Last year, comrades of the municipal bureau of state security, united as one, struggled hard and did a great deal of fruitful work to safeguard and promote the four modernizations program and guarantee the stability and prosperity of the Shanghai area. They cracked some major cases, thereby dealing blows at the arrogance of foreign and Taiwan espionage and secret service organizations.

Wu Bangguo, deputy secretary of the municipal party committee, addressed the meeting. He said: The excellent situation marked by reform and opening to the outside world has put higher demands on state security work. Currently a very small number of spies and special agents, hostile to our country's excellent situation, are trying in every conceivable way and using every available means to acquire secret information, instigate rebellion, and engage in infiltration and sabotage. The practice of struggle once again makes us realize that during the new historical period state security work should be strengthened; in no way should it be weakened. Wu Bangguo asked the comrades of the municipal bureau of state security to emancipate their minds, broaden their field of vision, and step up efforts to ensure still greater success in Shanghai's state security work this year.

#### SHANGHAI LEADERS AT PARTY MEETING ON 1987 TASKS

OW261205 Shanghai City Service in Mandarin 0100 GMT 26 Feb 87

[Text] The Shanghai Municipal CPC Committee held a meeting of responsible cadres who are also party members on the afternoon of 24 February and the morning of 25 February. The meeting drew up a plan for carrying out Shanghai's four major tasks for 1987 and called on party organizations at all levels to adopt a clear-cut attitude of upholding the four cardinal principles and opposing bourgeois liberalization; to actively launch a campaign to promote production, practice economy, increase revenues, and cut down expenses; to continue to carry out the policy of consolidating and digesting [words indistinct]; to ensure a good job in economic restructuring; to strengthen party organization; to work hard and strive for progress; to ensure political stability and unity through action; and to greet the opening of the 13th party congress with new achievements in reform, production, and technology.

Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, presided over and spoke at the meeting. Jiang Zemin, deputy secretary of the Shanghai Municipal CPC Committee and mayor of Shanghai Municipality, also spoke at the meeting. Huang Ju, Wu Bangguo, and Zeng Qinghong, all deputy secretaries of the Shanghai Municipal CPC Committee, made a report at the meeting on the conclusions drawn at the meeting of the Shanghai Municipal CPC Committee Standing Committee on the four major tasks to be carried out in Shanghai this year.

The Shanghai Municipal CPC Committee held that we must uphold the four cardinal principles; fully understand the importance of the struggle of opposing bourgeois liberalization, and the protracted efforts needed to carry out the struggle; and pay great attention to the policies and methods for carrying out the struggle. Currently, we must earnestly study the relevant documents, seek unity of thinking and reach a common understanding, effectively organize the campaign to criticize the concept of bourgeois liberalization, and improve and strengthen work at schools and in the press and the publishing industry. It maintained that for Shanghai, curbing economic overexpansion is absolutely necessary and should be promptly carried out. We must strive to take practical action, endeavor to improve work results, and launch a campaign to really increase production, practice economy, increase revenues, and cut down expenses.

The guidelines for this year's reform work are: On the basis of upholding the four cardinal principles, we must stick to the policy of reform, opening to the outside world, and invigorating the domestic economy; continue to overcome obstructions created by the left and right; and [words indistinct] in economic development strategy. The key tasks in reform are: To continue to deepen our efforts to reform enterprises, and to strive to make new progress in invigorating enterprises, particularly large and medium-sized ones. The Shanghai Municipal CPC Committee held that work to strengthen the party this year should center on training cadres, consolidating grass-roots party organizations, upholding the ideological and political nature and principles of party life, and working hard to improve party style.

In his speech at the meeting, Comrade Rui Xingwen called on party organizations at all levels to work hard to accomplish the four major tasks of Shanghai this year. [words indistinct] party cadres should strive to improve their understanding of Marxist theory and [words indistinct] party spirit and discipline. This takes protracted efforts to accomplish. We must make constant efforts to study the new situation and solve new problems. At the same time, we must make unremitting efforts to strengthen the party, enhance its combat effectiveness, and oppose bourgeois liberalization in Shanghai.

Chen Guodong, Hu Lijiao, Wang Daohan, and other major responsible comrades of the Shanghai Municipal CPC Committee, the Shanghai Municipal Advisory Commission, the Shanghai Municipal Discipline Inspection Commission, the Shanghai Municipal People's Congress, the Shanghai Municipal Government, the Shanghai Municipal CPPCC Committee, and various departments, bureaus, and districts of Shanghai, totaling more than 140 people, attended the meeting.

#### ZHEJIANG PROPAGANDA CHIEF ON CARDINAL PRINCIPLES

OW281327 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 26 Feb 87

[Text] According to our reporter Chai Qiye, the Propaganda Department of the provincial party committee and the party committee of provincial organs co-sponsored a report meeting this afternoon at the Great Hall of the People.

Luo Dong, member of the Standing Committee and head of the Propaganda Department of the provincial party committee, delivered a report entitled "Uphold the Four Cardinal Principles and Oppose Bourgeois Liberalization." By citing a number of facts, Comrade Luo Dong explained that bourgeois liberalization is an ideological trend, which poisons our young people, has a harmful effect on the stability and unity of our society, and interferes with our efforts in conducting reform and opening to the outside world. For this reason, he said, this ideological trend should be resolutely resisted. He urged the vast numbers of cadres with party membership to take a clear-cut and firm stand in upholding the four cardinal principles and opposing bourgeois liberalization, gain a correct and comprehensive understanding of the line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee, resolutely implement them, and promote and preserve the excellent situation of stability and unity. Comrade Luo Dong said: The first and foremost task at present is to seriously study the relevant documents of the party Central Committee, understand their guidelines, raise our cognitive ability, distinguish between right and wrong, achieve unity in thinking, and rectify our political orientation. Among the cadres and masses, it is necessary to carry out a bold and lively education in upholding the four cardinal principles and in the legal system and to strengthen ideological and political work.

The report meeting was presided over by (Liu Yongjian), secretary of the Party Committee of Provincial Organs. Nearly 2,000 cadres with party membership from provincial organs heard the report at the meeting.



HAINAN MEETING DISCUSSES RURAL WORK DOCUMENT

HK020255 Haikou Hainan Island Service in Mandarin 1100 GMT 1 Mar 87

[Excerpts] A Hainan conference of cadres of three levels opened in Haikou today. The main agenda of this conference is to further study and implement central document No 5, sum up last year's rural economic work, commend the advanced, and study and make arrangements for this year's rural economic work. Responsible comrades of the Hainan regional party committee and government including Yao Wenxu, Wei Zefang, Dong Fanyuan, Pan Qiongxiang, and (Cao Wenhua) attended the meeting today. Regional party committee Secretary Yao Wenxu presided and spoke. Deputy Secretary Wei Zefang delivered a summation on rural economic work in the region in 1986 and on arrangements for the work in 1987. [passage omitted]

In his speech, Comrade Yao Wenxu called on the participants to seriously study central document No 5 on guidance for rural work, and the relevant instructions of the provincial party committee. They should sum up experiences and lessons in connection with reality and propose the goals of endeavor for Hainan's rural work this year. It is necessary to study ways of taking further advantage of Hainan's natural resources, promoting grain and sugarcane production, grasping processing industries, and improving circulation and science and technology. It is necessary to study ways of carrying out reforms and increasing production and practicing economy and increasing revenue and economizing expenditure. [passage omitted]

In his report, Comrade Wei Zefang said that last year the region's agricultural output value totalled 2.381 billion yuan, a rise of 7.4 percent over 1985. Average rural distribution amounted to 378.4 yuan, a rise of 51.4 yuan. Peasant living standards have improved, and social order in the rural areas is stable. [passage omitted] Comrade Wei Zefang said: This year we must seriously implement central document No 5 on guidance for rural work, and carry out reforms in depth. We should stabilize the sown areas of grain and sugarcane, and improve their yields. [passage omitted] We must develop commodity economy in an all-round way and promote the sustained and steady development of the rural economy.

HUNAN PLA INSTITUTE REFORMS STUDY OF MARXISM

HK270919 Changsha Hunan Provincial Service in Mandarin 1100 GMT 26 Feb 87

[Excerpts] The PLA Changsha Engineering Institute has reformed and improved the teaching and study of Marxist theory, helping the students to increase their ability to analyze various social problems by applying Marxism and to strengthen their consciousness in upholding the four cardinal principles.

Since the second half of 1984, the party committee of the institute has carried out a series of reforms on the syllabus, teaching methods, and examination of Marxist political theory. [passage omitted]

The party committee of the institute has achieved marked results after carrying out the reforms. Over the past few years, some leftist and rightist erroneous ideas appeared in society. In the face of these erroneous ideas, the students of the institute have always taken a firm stand and steadfastly upheld the four cardinal principles. They were praised by the General Political Department of the PLA in a circular.

HUNAN CONFERENCE SETS OUT ECONOMIC TASKS

HK010315 Changsha Hunan Provincial Service in Mandarin 2300 GMT 28 Feb 87

[Excerpts] The provincial economic work conference which concluded on 28 February proposed that the general demand on the province's industry and communications this year is to deepen the reforms, improve management, increase production and practice economy, boost the reserve strength, and achieve all-round improvement in economic results. The general target is an 8 percent increase in industrial output value over last year, with efforts made to achieve a rise to 3.1 billion yuan in output value and a 600 million rise in taxes and profits.

The meeting held that to achieve these goals, it is first necessary to grasp foundation work. We must deepen enterprise reforms, perfect the enterprises' operating mechanism, and find solutions through reforming operational methods. The key to deepening enterprise reform, apart from continuing to implement the reform measures already formulated, lies in making great efforts to separate ownership from operating powers and in finding operational forms suited to the actual conditions in the enterprises, to ensure that the operators will truly enjoy full decisionmaking powers. It is better to use the methods of contracting large and medium enterprises. The rural areas have been enlivened as a result of contracting, and the enterprises should do the same. At the same time, it is necessary to devote great effort to implementing the contract responsibility system within the enterprises. We must reform internal distribution and truly practice distribution according to work. Thus the fruits of labor will be linked to interests. It is also necessary to carry out coordinated reforms in finances, taxation, circulation, planning, prices, and so on. [passage omitted] It is necessary to understand that increasing production and practicing economy and increasing revenue and economizing expenditure is not an expedient or a gust of wind; it is a long-term principle that we must adhere to for a long time. In launching his drive, we must first work to increase production and revenue, otherwise there can be no economizing. We must increase output of products with a ready market. We cannot follow the old road of producing items and stockpiling them at the same time. We must also work hard to reduce input consumption and improve production quality and raise the proportion of high-quality items. [passage omitted] To achieve the general goal for this year, we must also practice the plant manager responsibility system. We must clearly understand the core position of the plant manager in the enterprise and strength his functions and role. We must be unswerving in implementing this system, without any hesitation or wavering.

The meeting also looked into political and ideological work in the enterprises. It held that this work must center on upholding the four cardinal principles and on promoting reform, opening up, and invigoration. It is essential to grasp education by positive example and fully mobilize the initiative of the cadres and masses. Problems among the cadres and masses should be solved for what they are, and should not be linked to bourgeois liberalization. We must educate and criticize a few workers who refuse to accept discipline, but we must not link this problem to bourgeois liberalization. We must oppose extravagance and waste, but we should not oppose or regard as bourgeois things the enterprises supply and sales activities allowed by the policies and their normal business exchanges. We must absolutely not regard the masses' correct criticisms and views on our work as bourgeois liberalization and oppose them. [passage omitted]

Provincial party and government responsible persons Mao Zhiyong, Xiong Qingquan, Chen Bangzhu, and Yu Haichao spoke during the meeting.

SICHUAN READJUSTS GRAIN PROCUREMENT POLICIES

HK020549 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 28 Feb 87

[Text] The provincial government recently readjusted this year's grain procurement policy, as follows:

1. This year the state will abolish the agency purchasing plan. The grain marketed by the peasants after fulfilling their delivery contracts will be purchased by the grain departments at negotiated prices that are slightly lower than the market price.
2. Broad beans, peas, soybeans, and highland barley can be substituted for other grain in the contract purchase task.
3. The grain covered by this year's contract quotas will be linked to chemical fertilizer, diesel fuel, and prepurchase payments. That is, for every 100 kg of trade grain contracted, 10 kg of high-quality standard chemical fertilizer and 3 kg of diesel fuel will be supplied at par prices. A prepurchase payment of 8 yuan will be made for every 100 kg of contract rice. A prepurchase payment of 4 yuan will be made for every 100 kg of contract wheat and corn.
4. Beginning with the harvest of spring-sown crops this year, the procurement price of medium-grade paddy will be raised from 16.50 yuan to 18 yuan per 50 kg. Purchase prices of other varieties will be kept at the existing proportions.

YUNNAN PEOPLE'S CONGRESS SESSION CONCLUDES 1 MAR

HK020417 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 1 Mar 87

[Excerpts] The fifth session of the Sixth Yunnan Provincial People's Congress concluded today after completing all its agenda. The session called on the people of all nationalities to unite as one and pool their wisdom and efforts in striving to fulfill the Seventh 5-Year Plan. Executive Chairman Li Guiying presided at the closing ceremony. [passage omitted] The session adopted resolutions approving the various work reports presented. [passage omitted]

At the conclusion of the session, the executive chairmen and Comrades Pu Chaozhu, He Zhiqiang, Zhu Zhihui, Liang Jia, and Zhang Zhixiu, Ma Jikong, (Zheng Guoke), Zhu Jiabi, Chen Jiagui, (Qin Youming), Wang Zuxun, and other members of the presidium were seated together on the rostrum. Also present were Zhu Kui, Chen Liying, Li Dengyou, and Dao Guodong, responsible persons of the provincial government. [passage omitted]

## BRIEFS

YUNNAN SATELLITE GROUND STATIONS -- (XINHUA) -- Kunming, 27 Feb -- Yunnan has built 168 satellite TV ground stations in the past 2 years. These ground stations enable ethnic minorities living in remote areas to enjoy TV programs transmitted by the Central TV Station. [Summary] [Beijing XINHUA Domestic Service in Chinese 0112 GMT 27 Feb 87 OW]



I. 6 Mar 87

PRC REGIONAL AFFAIRS  
NORTH REGION

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NEI MONGGOL STANDING COMMITTEE MEETING ENDS

SK020402 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 28 Feb 87

[Text] After successfully fulfilling all items on the agenda, the 8-day 21st Standing Committee meeting of the 6th Nei Monggol Regional People's Congress ended in Hohhot on the afternoon of 27 February.

Batubagen, chairman of the regional People's Congress Standing Committee, presided over the meeting. The committee members and those comrades present at the meeting as observers freely aired their views and offered many constructive suggestions for revising the items on the agenda in a fact-seeking spirit. They also gave pertinent criticism and valuable suggestions and opinions on the work of the regional People's Congress Standing Committee, the regional people's government, and the relevant departments.

The meeting adopted a resolution of the Nei Monggol Regional People's Congress Standing Committee on conscientiously studying and resolutely implementing the decision of the NPC Standing Committee on intensifying legal education to maintain stability and unity, and adopted a decision on convening the Fifth Session of the Sixth Nei Monggol Regional People's Congress.

The decision reads: The Fifth Session of the Sixth Nei Monggol Regional People's Congress will be held in Hohhot in late April. The main items on the congress agenda will be to hear and examine a work report of the regional people's government; to examine and approve the 1987 regional plan for national economic and social development; to examine and approve a report on the implementation of the region's 1986 financial budget and on the 1987 financial budget; to hear and examine a work report of the regional People's Congress Standing Committee; and to hear and examine the work reports of the regional Higher People's Court and of the regional People's Procuratorate.

The meeting also adopted a decision on the date for celebrating the 40th founding anniversary of the Nei Monggol Autonomous Region. The decision states: The first of May is the date for commemorating the 40th anniversary of the founding of the Nei Monggol Autonomous Region. In order to make fuller preparations for celebrating the 40th founding anniversary of the region, it has been decided that the date for celebrating the 40th anniversary of the founding of the Nei Monggol Autonomous Region will be delayed until August.

The meeting adopted a resolution on the deputy quota for the 7th regional People's Congress and on some electoral issues. The resolution states: The quota for deputies to the 7th Nei Monggol Regional People's Congress is 589 persons. Based on the population of the rural and pastoral areas, one deputy may be elected for every 73,750 persons. Based on the population of the urban areas, one deputy may be elected for every 14,750 persons. In those leagues with an exceptionally small population, the quota for deputies should not be less than 10 persons. In those livestock breeding banners and port cities with an exceptionally small population, at least one deputy should be elected from each banner and city.

The Nei Monggol Military District and the PLA units stationed in the region may elect a total of 20 deputies to the Nei Monggol Regional People's Congress. The Armed Police Forces should elect four deputies to the People's Congress. According to legal stipulations, the number of deputies of Monggol nationality in the regional autonomous minority areas and deputies of other minority nationalities should account for a proper proportion in the number of deputies to the Nei Monggol Regional People's Congress. The deputies to the 7th Nei Monggol Regional People's Congress should be generally elected before the end of 1987.

The meeting adopted a resolution on approving a provisional regulation of Hohhot City on handling traffic accidents, a namelist of the 6th Nei Monggol Regional People's Congress Standing Committee on the removal of personnel, and adopted a decision of the Sixth Nei Monggol Regional People's Congress Standing Committee on approving the removal of (Wang Ru) from his post as chief procurator of the Hohhot City People's Procuratorate. The meeting also adopted a namelist submitted by the 6th Nei Monggol Regional People's Congress Standing Committee in the appointment of personnel.

#### SHANXI LEADER NOTES LIBERALIZATION, CIVILIZATION

HK010537 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 28 Feb 87

[Excerpts] Speaking at the recent provincial party committee work conference, a responsible comrade of the provincial party committee pointed several facts.

I. The party committees at all levels must seriously study the relevant central documents, further unify their thinking, enhance their understanding, and take a firm and clear-cut stand in the forefront of the struggle against bourgeois liberalization. They must strictly act according to the spirit of the CPC Central Committee's instructions, strengthen leadership, and launch this struggle in a sustained and healthy way.

The facts have proved that the ideological trend of bourgeois liberalization does indeed exist in Shanxi. The unrest among students of other provinces last year affected some tertiary education institutes in Shanxi. A very small number of newspapers and journals have published articles preaching bourgeois liberalization and some vulgar works. In addition, articles containing the lectures of people advocating the viewpoint of bourgeois liberalization in various parts of the country were conveyed to Shanxi through various channels, causing confusion in the thinking of certain people inside and outside the party. We must certainly not take the question lightly.

II. The party committees at all levels must seriously study Comrade Deng Xiaoping's important speeches and the central documents. In connection with the reality of the political and ideological front in the whole province and the various localities, they must correctly analyze and sum up the experiences and lessons. It is necessary to organize the party members to criticize and refute views doubting and negating the four cardinal principles and preaching bourgeois liberalization, which appeared for a time. We must also organize theoretical workers to write some weighty articles on the question. Party schools and party organizations must regard education in upholding the four cardinal principles and opposing bourgeois liberalization as an important content of party lessons. [passage omitted]

It is particularly necessary to improve and step up ideological and political work for young students and workers. The journalism and media front must be firmly in the party's hands and maintain correct political orientation. [passage omitted] It is absolutely forbidden to publicize any ideas or remarks that violate the four cardinal principles. It is essential to get a good grasp of consolidating, strengthening, and improving the journalism and propaganda front in politics, ideology, work style, and organization.

In launching the struggle against bourgeois liberalization, we must strictly grasp the scope, focal points, and policy demarcation lines in accordance with the spirit of the central instructions. We must adopt correct methods and avoid deviations.

The sole program of upholding the four cardinal principles and opposing bourgeois liberalization is to implement in an all-round and correct way the line since the 3d Plenary Session of the 11th CPC Central Committee and build socialism with Chinese characteristics. Hence, we must take the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee as our yardstick in correcting rightist errors in the political and ideological field. We must avoid applying leftism to oppose rightism. In view of the fact that remaining influences of leftism have not yet been completely eliminated in Shanxi, we must, while concentrating efforts on opposing rightism at present, also continue to pay attention to eliminating the remaining influences of leftism.

III. While opposing bourgeois liberalization, we must continue to put socialist democracy on a sound basis. It is absolutely forbidden to make the pretext of opposing liberalization to conceal the shortcomings and errors in our work and to suppress and deal blows at the masses' proper criticisms of us.

The responsible comrades of the provincial party committee put forward specific demands on how to implement the resolution on the guiding principles for building socialist spiritual civilization adopted by the 6th Plenary Session of the 12th CPC Central Committee.

A. Do a good job of conducting education in ideals, the situation, and the policies. This year, we must first conduct education in the communist ideal among all the party members, to solve problems of faith and party spirit among party members, especially middle-aged and young members. We should guide young people and juveniles to gradually establish the correct world view and outlook on life. Among the people as a whole, we should focus on conducting education in the common ideal and extensively publicize the vast goal for China's socialist modernization, the specific goals set by the fifth provincial party congress, and the outline of the Seventh 5-Year Plan, to encourage the people's sense of responsibility and urgency for invigorating China and building Shanxi.

We must further grasp education in the situation and the policies. The leading cadres at all levels must go deep among the masses to hold heart-to-heart talks with workers and young students and to discuss with the masses' practical problems of common concern. [passage omitted]

B. Seriously study and implement the NPC Standing Committee decision on stepping up legal education and preserving stability and unity. It is particularly necessary to grasp legal education for the cadres and for young people and juveniles. [passage omitted] We must also bring into full play the role of the people's democratic dictatorship in protecting the people and dealing blows at enemies. We must crack down according to law on all hostile elements sabotaging China's socialist system, and punish economic and other crime according to law. We must curb by law all kinds of criminal activities that threaten the people.

C. Do a good job in education in professional ethics in all sectors and trades, focusing on two points: 1) Professional ethics of state organ cadres, especially leading cadres; and 2) professional ethics in window trades that are closely linked to people's daily life. These two focal points should be grasped to lead toward a turn for the better in the entire social atmosphere.

The responsible comrade also demanded that various channels and forms be used to launch a mass drive to study Marxism-Leninism-Mao Zedong Thought and to acquire knowledge of science, culture, and technology.



While vigorously developing ordinary education, it is necessary to give prominence to teacher training and vocational education. We should launch social cultural activities at various levels and in various forms. We must improve the radio and television coverage of the province as soon as possible. The building of urban and rural civilized units should be grasped well. [passage omitted]

The responsible comrade stressed that the core issue in making a success of work this year is to strengthen the party's political leadership and work hard to do a good job in party building. The key to strengthening the party's political leadership lies in improving consciousness of discussing the major affairs, grasping the overall situation, and taking care of the orientation. The party committees at all levels must pay great attention to studying and comprehending the central instructions that are orientational in nature and of major guiding significance. They must clearly understand the party's guiding ideas and basic principles for work at different times. They must periodically investigate political and ideological trends in society and study major questions of orientation, with a bearing on the overall situation in reform, opening up, and invigoration.

The most important thing in strengthening the party's political leadership is to take a firm and clear-cut stand in the face of major political issues, and to adopt decisive and effective measures to deal with them. It is essential to firmly uphold the four cardinal principles, the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, the image of the CPC Central Committee, the principles of party spirit, and party rules and regulations.

In strengthening the party's political leadership, it is also necessary to summon up resolve to eliminate the trend of the party failing to take care of itself, and to do a good job in party building. First, we must work hard to promote education in party spirit and strive to enhance party members' ideological and political qualities. Second, we must continue to strengthen the building of the cadre force. Third, we must do a good job in building the party's grass-roots organizations and bring into full play the role of the party branches as a fighting force and the vanguard and model roles of party members. Fourth, we must ensure that the whole party works to improve party style, and strive for a fundamental turn for the better in party style as soon as possible. Fifth, we must put on a sound basis political life and democratic centralism within the party committees, and strengthen the cohesion and combat strength of the members of the party committees.

#### SHANXI MEETING VIEWS POLITICAL, ECONOMIC TASKS

HK280557 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 27 Feb 87

[Excerpts] The Shanxi provincial party committee held a work conference in Taiyuan from 20 to 26 February. The conference's tasks were to seriously study and implement the spirit of relevant CPC Central Committee and State Council documents, further unify thinking, gain a clear understanding, and [word indistinct].

Provincial party committee Secretary Li Ligong said in a speech that the province made new progress in work in 1986. [passage omitted] However, we must also clearly understand that problems also exist in all aspects of our work, in economic work, urban reforms, agricultural production, rural work, on the ideological and political front, and in party building. We must seriously sum up the experiences and lessons and act to resolve these problems in the new year.

Comrade Li Ligong said: In accordance with the instructions and arrangements of the CPC Central Committee, we must concentrate our efforts on tackling two-major tasks in 1987: 1) Launch an extensive drive to increase production and practice economy and increase revenue and economize expenditure, place the province's economy on a basis of long-term stable development, and take new strides in industrial and agricultural production; 2) unswervingly uphold the four cardinal principles and take a firm and clear-cut stand in opposing bourgeois liberalization. We must get a good grasp of work in the following respects:

1. Compress the atmosphere, deepen the reforms, work hard to increase production and practice economy and increase revenue and economize expenditure, and achieve all-round improvement in economic results. This is the basic guiding idea for the province's economic work this year.
2. Take a firm and clear-cut stand in upholding the four cardinal principles, and launch a sustained and healthy drive to oppose bourgeois liberalization.
3. Resolutely implement the resolution of the Sixth Plenary Session and do a thoroughly good job in building spiritual civilization.
4. Strengthen the party's political leadership and do a good job in party building.

Comrade Li Ligong said: The cadres and masses in our province are good. The great majority of the leadership structure at all levels, especially at county-level and above, are good; they support the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, and work hard for the party and people. So long as the leading cadres at all levels have a good mental attitude, have strong (?beliefs), carry out their duties faithfully, resolutely clear away all interference, do their work in a highly confident spirit, and struggle hard and arduously, we will certainly be able to overcome the difficulties and fulfill all this year's tasks.

Comrade Wang Senhao also made a speech. After reviewing economic work in Shanxi in 1986, he pointed out that it is particularly necessary to establish strong confidence in reform. It is necessary to [words indistinct] and strengthen the position of agriculture as a foundation. It is necessary to insist on centering enterprise reform efforts on improving economic results. It is necessary to strengthen macroeconomic coordination and promote general balance of total social demand and supply. Wang Senhao made the following points regarding work for this year.

1. Mobilize the people of the whole province to launch an extensive drive to increase production and practice economy and increase revenue and economize expenditure, to ensure [words indistinct] of the national economy.
2. Deepen the reforms and further invigorate the enterprises.
3. Carry out rural reforms in depth, boost the reserve strength for agricultural development, and promote sustained and steady development of the rural economy.
4. Expand commodity circulation, further enliven the markets, and maintain basic price stability.

The participants seriously studied the relevant central documents and pledged to resolutely implement the spirit of the central instructions, regard the national interests as the most important thing, take the overall situation into consideration, and enhance ideological understanding. [passage omitted]

NINGXIA MEETING ON ENTERPRISES, IDEOLOGICAL WORK

HK020551 Yinchuan Ningxia Regional Service in Mandarin 2300 GMT 1 Mar 87

[Summary From Poor Reception] The regional party committee Organization Department held a meeting in a Yinchuan machinery plant on 27 February on reforming the enterprise leadership setup and stepping up political work. Regional party committee Deputy Secretary Hao Tingzao spoke.

In his speech, Hao Tingzao demanded that, in opposing bourgeois liberalization, the enterprise leaders seriously study the relevant central instructions, focus on positive education, and further promote the work of consolidating and developing stability and unity. "They must take the lead in maintaining a high degree of ideological and political unity with the CPC Central Committee and set a good example in this respect for the worker masses."

Hao Tingzao said that current ideological and political work must focus on deepening the enterprise reforms and improving economic results. He also called for doing a good job in propaganda and education and the drive to increase production and practice economy and increase revenue and economize expenditure.

XINJIANG GOVERNOR REVIEWS 1986 ACHIEVEMENTS

HK020415 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 1 Mar 87

[Excerpts] In his government work report delivered at the sixth session of the sixth regional people's congress, regional government Chairman Tomur Dawamat pointed out that the people's government at all levels regarded economic construction as the core of all work last year, seriously implemented the party's principles, and policies, and fully mobilized the masses' enthusiasm. As a result, industrial production continued to rise steadily and the region recorded a bumper agricultural harvest for the ninth successive year. Total industrial and agricultural output value is estimated at 13.5 billion yuan, a rise of 9.7 percent over 1985.

In agriculture and animal husbandry, the region seriously implemented central document No 1 of 1986 and carried out economic structural reforms in depth. The development of rural commodity economy was thus effectively stimulated. All-round bumper harvests of grain, cotton, oil crops, and livestock were achieved despite a succession of natural disasters. Total output value of agriculture and animal husbandry is estimated at 5.3 billion yuan, a rise of 9.9 percent over 1985. In grain, the region broke the 10 billion jin barrier for the first time by producing 10.1 billion jin, a rise of 7.7 percent over 1985. The number of livestock at year end was 30.7 million, a rise of 1.8 percent. The region recorded new historical highs in various major economic indices.

In industrial production, the region further tapped the potentials within the enterprises and mobilized the masses' enthusiasm, thereby maintaining an appropriate growth rate. Total output value is estimated at 8.2 billion yuan, a rise of 9.6 percent over 1985, and double the 1980 figure.

In capital construction, we paid attention to macroeconomic control. Investment in fixed assets in units owned by the whole people was 3.84 billion yuan, a drop of 2.6 percent compared with 1985.



Financial work was further strengthened during the year. The region achieved a balanced budget with a slight surplus, thereby ensuring the smooth progress of economic structural reform, and the smooth development of production and construction. [passage omitted] Total retail sales amounted to 7 billion yuan, a rise of 12.7 percent over 1985. Some 1.082 billion yuan worth of products were shipped out of the region, a rise of 36.8 percent. Outgoing shipments exceeded incoming shipments by 27 million yuan, the first time such an excess has been recorded.

The Xinjiang Production and Construction Corps recorded an all-round increase in industrial and agricultural production. New achievements were second in all work. Total industrial and agricultural output value is estimated at 3.2 billion yuan, a rise of 8.2 percent over 1985.

Tomur Dawamat said: Xinjiang's economic structural reforms have been gradually deepening in recent years. The first stage of the rural reforms effectively promoted the improvement of agricultural productive forces and the development of commodity economy. The second stage of these reforms, which started last year, is promoting a shift from natural to commodity economy in the rural areas. The urban economic structural reforms, centered on invigorating the enterprises, are now unfolding throughout the region. Reforms in the system of pricing, planning, foreign trade, finances, enterprise management, and labor, and the lateral ties that are now developing the fields of production, circulation, and scientific research are playing a positive role in stimulating the region's economic construction and social development. [passage omitted]

Tomur Dawamat said in his report: In order to speed up the region's economic construction and attract more foreign investment, last year the regional government used various channels to promote propaganda on Xinjiang and step up economic exchanges at home and abroad. The regional government investigated the Soviet and Middle East markets, visited the United Arab Emirates, and successfully held an exhibition of Xinjiang Muslim export products, thus expanding our influence and laying a foundation for increasing our foreign exchange earnings from commodity exports and attracting foreign investment. Last year the region attracted over 17 million in foreign investment, double the figure for 1985, and about equal to the total for the previous 4 years.

The region actively developed tourism, increased the number of tourist spots, and improved facilities. [passage omitted] Foreign exchange earnings from tourism last year were 8.2 million, a rise of 86 percent over 1985.

The region expanded lateral economic ties and strengthened economic and technical cooperation with fraternal provinces and regions. Over 1,000 cooperation agreements have been signed in the past year and over 700 have been implemented. The total foreign investment involved in these agreements is 32.96 million yuan, and they envisage an increase in output value of 260 million yuan and an increase of 42 million yuan in taxes and profits.

I. 6 Mar 87

C H I N A  
HONG KONG & MACAO

W 1

XINHUA REPORTS KISSINGER VISIT TO HONG KONG MACAO

Meets Xu Jiatun

HK050536 Beijing XINHUA Hong Kong Service in Chinese 1600 GMT 4 Mar 87

[Text] Hong Kong, 4 Mar (XINHUA) -- Xu Jiatun, director of the XINHUA Hong Kong Branch, and Dr. Kissinger, former U.S. secretary of state had dinner together in the Yueh-yang Restaurant, at the World Trade Center, tonight, and held warm and friendly talks.

Kissinger is an old friend of China and one of the draftsmen of the Sino-U.S. Shanghai Communique. Xu Jiatun and he recalled the historic signing of the Shanghai Communique. Kissinger happily said that that part of history was encouraging and inspiring. In the days to come, he will continuously embark on the work of Sino-U.S. friendship and promote friendship between the Chinese and American peoples.

Kissinger showed great concern for the current situation in China. After Xu Jiatun made a brief report to him and answered questions posed by him, Kissinger declared that he was sure that China's policy of invigorating the domestic economy and opening to the outside world would remain unchanged. Kissinger also showed great concern for the current situation in Hong Kong. He declared that Beijing would adhere to the policy of "one country two systems" in Hong Kong, deal properly with Hong Kong problems, and strive to make Hong Kong maintain stability and continually advance.

Qiao Zonghuai, deputy secretary general of the XINHUA Hong Kong Branch, attended tonight's dinner to help entertain the guest of honor.

At the invitation of the East Asia University, Macao, Kissinger is paying a 3-day visit to Hong Kong and Macao. He arrived in Hong Kong yesterday afternoon and will go to Macao tomorrow to accept an honorary doctor's degree conferred by the East Asia University, Macao.

Supports PRC Policy

OW060021 Beijing XINHUA in English 1512 GMT 5 Mar 87

[Excerpt] Macao, March 5 (XINHUA) -- Patience and dedication will make the difficult objective of China's "one county, two systems" policy work, said Dr. Henry A. Kissinger today in Macao.

There is growing confidence that Hong Kong will maintain the current system, said the former U.S. secretary of state. He was referring to the impression of his recent visit to Hong Kong. Kissinger expressed the belief that the Chinese Government and senior officials with whom he is familiar have earnest intentions to preserve Hong Kong's current system for 50 years after China resumes its sovereignty over Hong Kong in 1997.

"As far as Taiwan is concerned, I support the United States' position that this is a matter to be negotiated between Taiwan and the People's Republic," he said. "But, the successes and what may occur in Hong Kong and Macao will be of great importance for the future of Taiwan as well," said Kissinger at a congregation of the University of East Asia here.

At today's congregation, honorary degree of doctorates were conferred on Kissinger, Macao Governor Joaquim Pinto Machado and two other persons. [passage omitted]

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MARCH 6, 1987